TANGA CEMENT PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
AND
AUDITED CONSOLIDATED AND
SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2024

TANGA CEMENT PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE AND AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

TABLE OF CONTENTS

TANGA CEMENT PUBLIC LIMITED COMPANY

CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2024

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Tanga Cement Public Limited Company
Pongwe Factory Area
P.O. Box 5053
Tanga, Tanzania
Tel: +255 27 2644500/1/2
Mob: +255 746 293 330
Fax: +255 2646148/425
Website: www.simbacement.co.tz
Email: info@simbacement.co.tz

COMPANY SECRETARY

Quresh Ganijee
Tanga Cement Public Limited Company
Pongwe Factory Area
P.O. Box 5053
Tanga, Tanzania

LEGAL ADVISORS

FB Attorneys
Amani Place,
8th Floor, Ohio Street
P.O. Box 19813
Dar es Salaam, Tanzania

Nex Law
Kilwa House
369 Toure Drive, Oysterbay
P.O Box 75578
Dar es salaam, Tanzania

B & E AKO LAW
Plot 30, House No. 7Ursino Street
Regent Estate, Mikocheni
P.O. Box 71748,
Dar Es Salaam, Tanzania

A.J. Akaro Advocates
Market street,
P.O Box 1294
Tanga, Tanzania

Quality law Attorneys
P.O Box 551
Tanga, Tanzania

AUDITOR

PwC Tanzania
Pemba House
369 Toure Drive
Oysterbay
P.O. Box 45
Dar es Salaam, Tanzania

TAX ADVISORS

KPMG East Africa
The Luminary, 2nd Floor
Haile Selassie Road,
P. O. Box 1160
Dar es Salaam, Tanzania

BANKERS AND FINANCIAL INSTITUTIONS

Standard Chartered Bank Tanzania Limited
P.O. Box 9011
Dar es Salaam, Tanzania

CITI Bank
P.O Box 71625
Dar es Salaam
Tanzania

CRDB Bank Plc
P.O. Box 1180
Tanga, Tanzania

NMB Bank Plc
P. O. Box 9213
Dar es Salaam, Tanzania

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2024

Those charged with governance present their report and the audited consolidated and separate financial statements for the financial year ended 31 December 2024 which disclose the state of affairs of Tanga Cement Public Limited Company (the "Company" or "TCPLC") and its subsidiary, Cement Distributors (EA) Limited (the "Subsidiary"), [together, the "Group"].

Those charged with governance prepared the report in compliance with TFRS 1 issued by National Board of Accountants and Auditors (NBAA) and became effective on 1 January 2021.

1. INCORPORATION

The Company is incorporated in Tanzania under the Companies Act, 2002 of Tanzania as a public company limited by shares and is domiciled in Tanzania.

The incorporation of the company was done on 10 November 1973 as Tanga Cement Company Limited before the name changed to Tanga Cement Public Limited Company when it was listed under Dar es Salaam Stock Exchange as detailed under item 15 of this report.

The addresses of the registered office and principal place of business are set out on page 1.

2. GROUP'S VISION

To be Eastern Africa's preferred cement manufacturer and distributor.

3. GROUP'S MISSION

To develop, produce and distribute consistently high-quality cement and related products and services in a sustainable manner to satisfy our customers' expectations.

4. GROUP'S OPERATIONS

Principal activities

The principal activities of the Group during the year continued to be manufacturing, distribution and sale of cement and clinker.

The cement and clinker production plants are in Tanga while the activities of distribution and sale of cement and clinker are done throughout East African market.

Size of the manufacturing plant

The group has a limestone mine, two limestone crushing plants which feed two raw mills into two clinker production plants and two cement mills.

Description of the market

The Group sells its clinker and cement products both locally in the United Republic of Tanzania and exports to foreign markets in Rwanda, Burundi, Democratic Republic of Congo, Kenya, and Uganda.

The Group supplies cement to domestic brick makers and homebuilders, private large construction projects as well as to large government infrastructure projects in Tanzania.

4. GROUP'S OPERATIONS (CONTINUED)

Impact of the Group's operation on the environment

Being an integrated cement manufacturing operation, the Group has a direct impact on the environment from (i) its mining activities of limestone and gypsum which are critical components in the manufacturing of clinker and cement, as well as the (ii) operation of the manufacturing plant and machinery which are used for the production process.

Therefore, the Group is very cognisant in taking care of the environment by adhering to all environmental regulations and standards and with the intention of building a sustainable work environment. Details on environmental, social and governance matters, and actions taken by the Group are further detailed under item 36 of this report.

Employees

The Group's operations and performance are impacted by the individuals employed to run the day-to-day operations. Their contributions are directly linked to the long-term success and performance of the Group. The Group recognises the contribution of employees to its operations and performance. The Group has various initiatives to improve employees' performance and productivity through continuous professional development. The Group also encourages a friendly work culture, foster a trust relationship with employees at every level and provide a platform for employees to express their views and share their ideas to enhance the culture of innovation in the Group's operations.

The Group promotes a work-life balanced culture and good customer care service with all employees for both our internal and external customers.

Details on the employee's welfare are detailed under item 32 of this report.

Social community issues

The Group acknowledges multiple stakeholders in the running of our operations and therefore recognises the importance of social community issues with its stakeholders who are affected by the success of our operations. In recognising the importance of the social community issues, the Group has a Corporate Social Investment policy that aligns with the requirement of the Mining Act 2010 when it comes to social community issues for the companies that perform mining activities like Tanga Cement. The Group implements its corporate social projects in collaboration with the local communities in the regions where we operate and sell our products for the benefit of our stakeholders.

Details on the Group's Social Investment are further highlighted under item 38 of this report.

Governance

The Group employs very strong principles of corporate governance which outline how the group is governed and the ways in which operations are managed to foster optimal performance in an ethical and sustainable manner.

The details of our corporate governance framework and principles, including but not limited to the right mix of skills and experience of our board of directors to enhance the Group's performance, are detailed in the risk management framework and controls under section 8 of this report.

Governance structure

In the Group, those charged with governance are person(s) with the responsibility of overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process.

The corporate governance structure of the Company and its Subsidiary (Group) is the ultimate responsibility of the board of directors whose roles and responsibilities are outlined under section 8. To ensure a high standard of corporate governance

4. GROUP'S OPERATIONS (CONTINUED)

throughout the Group as well as to facilitate efficient decision making, the board formed 2 (two) standing committees namely: the Audit, Risk and Compliance Committee, and the Remuneration and Nomination Committee.

Management of the company has the responsibility of ensuring the day-to-day operations of the Group are conducted in conformance with the Group's principles of corporate governance aimed at achieving the Group's strategic goals and objectives.

The Group's operating model

The Group's operating model is aimed at sustainable operations and financial performance while remaining cognisant of the needs of our customers in the market and the various stakeholders affected or affecting our operations. The operating model is designed such that the Group remains relevant in the market by adopting technological and other global industry innovations that positively impact our operations.

The Group's operating model aims at fostering innovation and responding to customers' ever-changing needs. Details of the Group's Operating Model is under section 17 this report.

Gender parity

The success of the company's operations is contributed to by individuals employed by the company on an indiscriminatory basis related to gender. The Group has a strong commitment to gender diversity and the fundamental principle of respect to all genders. Individuals are employed based on merit at all levels in the organisation.

Details on the Group's gender diversity can be found in item 34 of this report.

Contractual arrangements

The company has various contractual arrangements which are mainly categorised as follows:

i. Loan agreement between Tanga Cement Plc and its parent company Heidelberg Materials AG, acquired from Afrisam. The loan was used for the construction of the new Kiln 2 production line as detailed in Note 28 of the consolidated and separate financial statements.
ii. Overdraft and short-term loan facilities with local banks for financing the working capital of the Group as detailed in Note 28 of the consolidated and separate financial statements.
iii. Contracts with suppliers of goods and services to the company. Details are in Note 30 of the consolidated and separate financial statements.
iv. Contracts with customers. Details are in Note 5 of the consolidated and separate financial statements.
v. Employment contracts with employees.

5. GROUP'S OPERATING ENVIRONMENT

The improving performance of the Tanzanian economy has fuelled the growth in cement demand and the outlook remain favourable given the linear relationship between economic growth and cement consumption. As one of the large players in the cement and clinker manufacturing business, we face a dynamic operating context that presents both demanding challenges, as well as potentially rewarding commercial opportunities for innovation and sustainable growth.

The group has identified the following trends in the operating environment which have had a direct impact on the business and management has taken the necessary strategic actions to ensure that all risks are mitigated, and opportunities are exploited for sustainable business performance.

Macroeconomic overview

The Group's growth outlook continues to be anchored in the growth in cement demand of the Tanzanian construction industry. The annual headline inflation rate increased to 3.1% in December 2024 from 3.0% in December 2023.

Real GDP growth reached 5.5% for 2024 compared to 5.3% (as published by National Bureau of Statistics) for 2023. Whilst increase in GDP was pleasing, the primary drivers for business performance remained the robust infrastructure investment and a strengthening consumer base. Government's actions to support the medium-term monetary policy inflation target of 5% also supported demand for our products.

The Group remains optimistic of the positive impact of infrastructure development plans under the Government's Development Vision 2025 programme and expect the projects to continue gaining momentum in 2025 and beyond. The Group remains committed to its sales, logistics, and cost optimisation initiatives, maintaining a positive outlook for 2025 amidst a competitive landscape and global geopolitical unrest.

The Group has capacity to meet a meaningful share of the cement demand in the country and remains committed to local production of superior cement products.

Regulatory environment

Being an integrated cement manufacturing business, the Group falls predominantly under the jurisdiction of two ministries *vis-a-vis* the Ministry of Minerals due to the mining of limestone, red soil and pozzolana which are used in the production process, as well as under the Ministry of Trade and Industry because we have installed plant and equipment used to produce cement and clinker.

Due to the significance and contribution of the sector to the country's socio-economic development, the Group is subject to a high level of regulatory scrutiny. There have been some significant regulatory and policy developments recently from the government through its departments, particularly by the Mining Commission on the implementation of the local content requirement in accordance with the Tanzania Mining Act (Local Content Regulations), 2018.

Our response

i. As part of our commitment to ensuring robust governance processes and instilling a strong culture of compliance across the Group, the finance department is the custodian of all controls ensuring compliance with the laws in collaboration with the Company Secretary and the Legal Manager. Their roles include among others, to monitor and manage all major regulatory risks of the business.
ii. We continuously monitor changes to regulations and licencing requirements and ensure that our business units are sensitised through training programs and staff communications.
iii. We maintain ethical relations with government and relevant regulatory bodies and the tax authorities, informed by a shared understanding of the need for inclusive economic development and the important contribution of the business in attaining sustainable economic development.

5. GROUP'S OPERATING ENVIRONMENT (CONTINUED)

Competitive landscape and market forces

Tanzania has experienced significant growth in the construction industry over recent years. This includes residential and commercial real estate as well as public investments such as roads, railways, bridges, water systems, telecommunications, and air transport networks.

The construction industry in Tanzania is projected to grow by 7.1% in real terms in 2025, driven by substantial investments in manufacturing, transport, and energy infrastructure. Looking ahead, the industry is expected to grow at an average annual rate of 7.7% between 2026 and 2029, supported by large-scale infrastructure initiatives. The government is working on a strategy to encourage new investments in the country and put forward plans to achieve registered projects. This is subject to economic recovery and government initiatives to open corridors for foreign investments. The government is working on a strategy to encourage new investments in the country and put forward plans to achieve registered projects. The sector will be driven by the success in pushing major projects and significant support from International Monetary Fund (IMF). The sector has been among the largest contributors to the economic growth of the country and in 2024 contributing 9.1 percent (2023: 13.4 percent) of the country's GDP growth rate.

There are 13 cement plants with an estimated installed capacity of 14 million tons of cement and annual consumption of cement is estimated to be in the region of 8 million tons per annum. Year 2024 was impacted by the shrinkage of demand for cement directed to the infrastructural projects as well as the impact of heavy rains in the last quarter of the year.

New players in the sectors have adopted an aggressive pricing strategy aimed at gaining market share across the country. This has raised concerns amongst players in the sector on the long-term sustainability of aggressive pricing as well as its implications on the market stability and growth. Transport and distribution of cement have been affected by the recent increase in prices of petroleum products on the world oil market. Transporters were obliged to increase freight rates to compensate for the increased fuel prices.

Digital environment

The Group capitalises on the implementation of advancements in technology to run the business. The running of plant and equipment used in the production process has been highly automated with the majority of processes being managed and monitored from the master control room. The group also uses integrated Enterprise Resource Planning (ERP) and Management (ERM) software in managing and processing all business data. The Group's use of technology and infrastructure capabilities positively impact our customers' experiences and support business efficiency and sustainability. The strategy gives us a competitive advantage in terms of the product development and quick response times to the dynamics of a fast-paced changing market environment.

Societal issues

Corporate Social Responsibility

The Group continued to support the Tanzanian society through its corporate social investment programmes. During the year the Group showed support to the Kilimanjaro-Tigo Marathon conducted in Kilimanjaro, respectively. Further breakdown of the CSR activities has been disclosed in section 38 of this report of those charged with governance.

Health

The Group complies with applicable health and safety laws and regulations in conducting its business processes including compliance with the Occupational Health and Safety Act, 2003 and other applicable legislation concerning industrial safety. The Group is committed to provide a safe and healthy work environment to avoid any adverse impact or injury to its employees and customers by taking a proactive approach towards the safety of everyone on our business premises, including employees, contractors, customers, visitors, and members of the public by ensuring that they are not exposed to risks that may compromise their health and safety. The Group performs annual OSHA medical health check-ups for all employees and contractors on site to ascertain and continue monitoring their health status.

5. GROUP'S OPERATING ENVIRONMENT (CONTINUED)

Population and demographic
Tanzania offers exciting growth potential relating to sales of cement. The population growth underpins the need for increased human settlements and infrastructure and the Group is well positioned to meet the rapidly growing demand for cement.

Our response

i. Improve the overall equipment reliability through preventive maintenance programmes.
ii. Use trade development representatives and regional rales managers to gather market information.
iii. Use of technology in operating and monitoring equipment performance and troubleshooting breakdowns.
iv. Invest on employees' skills training to have the most competent individuals to manage the operations.

Human rights
The Group complies with all Tanzanian, regional and international human rights protocols, laws, and regulations. The Group has domesticated this in its culture through its policies and procedures that govern various human interactions including but not limited to employment policies and procedures and disciplinary policies and procedures.

Environmental issues
Being in a mining and manufacturing sector, the Group's operations have a direct impact on the environment where the production activities are taking place. Accordingly, the Group have adopted policies, procedures and processes to ensure environmental impact that could be generated because of the production processes are mitigated to the minimum. Strategies like quarry rehabilitation provision that conforms with the mining companies' best practice and the requirement of the Tanzania Mining Act, use of technology and bag filters that aim at reducing the emissions, planting of teak trees which to act as a buffer and environmental rehabilitation as well as other environmental safety measures have been adopted. The Group also considers the best way to recycle all waste being produced in the manufacturing process including wastewater filtration and reticulation

Legitimate needs, interests and expectations of key stakeholders

Government (Regulators)

- Compliance with the laws and regulations.
- Timely statutory payments.

Employees

- Employees want friendly, safe and conducive working environment, defined career progression, better salary and benefits, motivation and recognition, opportunities to contribute to the society.

Shareholders

- Shareholders expect dividends and growth in the share price.

Financiers

- Compliance with borrowing covenants.
- Timely payments of agreed interest and principal on loans and overdraft facilities per agreements.

Suppliers

- Transparent, efficient and fair procurement process of goods and services.
- Receiving feedback on goods delivered and services rendered.
- Timely settlement of suppliers' invoices.

5. GROUP'S OPERATING ENVIRONMENT (CONTINUED)

Customers

- Timely delivery of cement ordered.
- Efficient and responsive after-sales service, especially on the quality of cement used for brick making or concrete strength.

Society

- Access to our corporate social investment projects as well as getting access to employment opportunities with or for the Group.

Political environment

The Group operates in a very political stable environment. Tanzania is one of the most peaceful and politically stable countries in Africa since its independence in 1961. The political stability in Tanzania promotes sustainable business opportunities.

6. MATTERS AFFECTING THE GROUP'S ABILITY TO CREATE VALUE

Considering the Group's strategy, governance, performance, and prospects there are matters that have, or may have an effect on the Group's ability to create value. These matters are discussed in section 8 of this report in the Principal Risks and Uncertainties section.

7. COMPOSITION OF THE BOARD OF DIRECTORS

The directors of the Company who served on the Board during the year under review, and to date of this report are:

Name	Gender	Position	Age	Nationality	Qualification	Date Appointed
Mr. H Gurdal*	Male	Chairperson	56	Turkish	Mechanical Engineering and MBA in International Management	27 November 2023
Mr. A Velez **	Male	Managing Director	56	Spanish	PhD of Economics and Business Organisation, MBA in Corporate Finance and a BA in Economics	1 May 2024
Mr. C Mikli*	Male	Director	51	German	Diplom – Kaufmann	27 November 2023
Mr. F Brambilla*	Male	Director	53	Italian	Civil Engineering and MBA	27 November 2023
Mr G Puppo*	Male	Director	50	Italian	Chem. Eng., MBA	27 November 2023
Mr R. Mbilinyi*	Male	Director	59	Tanzanian	BSc Engineering, MBA (Marketing)	4 March 2013

[** Executive *Independent Non-executive]

The Company Secretary during the year ended 31 December 2024 was Mr Q. Ganijee (Tanzanian), 42 years old.
The Board of Directors met four times during the year.

8. CORPORATE GOVERNANCE

Code of Corporate Practice and Conduct

Tanga Cement Public Limited Company is committed to the principles of good corporate governance to strengthen and maintain the stakeholders' confidence in the Group. The Board collectively recognize and assumes the ultimate role of safeguarding the Company's assets and reputation. The Board is of the opinion that the Group currently complies with the principles.

The Board of Directors

Overview

The Board of Directors (the "Board") of Tanga Cement Public Limited Company is composed of six directors. Apart from the Managing Director, no other directors hold executive positions in the Group. Their names, position, age, nationality, gender, qualifications, and the date of appointment/retirement are disclosed in section 7.

The Board takes overall responsibility for the Group, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management against budgets and business plans. The Board is also responsible for ensuring that a comprehensive internal control system is effectively maintained for compliance with Good Corporate Governance principles.

The Board Chairman has no executive functions. The roles of the Chairman and Managing Director are separate, with each having different set of responsibilities.

The Board is confident that its members have the knowledge, talent and experience to lead the Group. Some of the non-executive directors are independent from management and the Group. With their depth of experience, they add value to Board deliberations.

The Board is required to meet at least four times per year. The Board delegates the day-to-day management of the business to the Managing Director, assisted by the senior management team. Senior management is invited to attend Board meetings and facilitates effective communication and control over all of the Group's operational activities, acting as a medium of co-ordination between the Board and the various business units.

All directors have access to the Company Secretary and his services and may seek independent professional advice if necessary. It is the Group's philosophy to manage and control its business on a decentralised basis. Senior management meets on a monthly basis to review the results, operations, key financial indicators and business strategies of the Group. Board meetings are held quarterly to deliberate on the results of the Group.

Board Charter

TCPLC Group has a board charter which among others sets out the Company's goals, the specific responsibilities of the board and how it shall operate within applicable legal and regulatory framework; and clearly specifies the powers of the board and its committees, separation of roles between the Board and management; and the practice of the board in respect of corporate governance matters. It also provides annual calendar and principal activities to be deliberated.

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

Roles of the board

The role of the Board is to effectively represent and promote the interests of shareholders with a view to adding long-term value to the Company's shares. Having regard to its role, the Board will direct and supervise the management of the business and the affairs of the Company including:

- Ensuring that the Company goals are clearly established and that strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from management).
- Establishing policies for strengthening the performance of the Company by, inter-alia, ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products, and the development of its business capital.
- Monitoring the performance of management.
- Setting the terms of the CEO/Managing Director's employment contract and, where necessary, recommending the termination of the CEO/Managing Director's employment with the Company.
- Ensuring that procedures and practices are in place that protect the Company's assets and reputation.
- Deciding on whatever steps are necessary to protect the Company's financial position and ensuring that it can meet its debts and other obligations as required.
- Ensuring that the Company's financial statements are true and fair and conform with law.
- Ensuring that the Company adheres to law and maintains high standards of ethics and corporate behavior.
- Ensuring that the Company has appropriate risk management/regulatory compliance policies in place.
- Regularly assessing the Company's performance and effectiveness, and that of individual directors, including the CEO/Managing Director, and
- Ensuring that the Company has developed a succession plan for the executive directors and senior management.

Segregation of duties

The Board link the Company's governance and management functions through the Managing Director (MD). Both the Chairman of the Board and the MD are collectively responsible for the leadership of the Group and for promoting the culture of good governance to the highest standards of integrity.

All Board authorities conferred on management is delegated through the MD so that the authority and accountability of management is considered to be the authority and accountability of the MD as far as the Board is concerned. The Chairman is expecting to be kept informed by the MD on all important matters and is always available to the MD to provide counsel and advice where appropriate.

Some of the key roles and responsibilities of the Chairman of the Board is outlined below:

i) Responsible with ensuring the integrity and effectiveness of the governance process of the Board.
ii) Responsible for maintaining regular dialogue with the MD over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.
iii) Act as facilitator at meetings of the Board to ensure that no director, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among directors is forthcoming.
iv) To ensure that Board discussions result in logical and understandable outcomes.
v) Ensure the performance and evaluation of the Board and its committees is done as required by the Board charter.

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

Key roles and responsibilities of the Managing Director:

i) Responsible for the leadership of the company and for promoting a culture of good governance to the highest standards of integrity.
ii) Inform the Chairman of all important matters and seek counsel and advice from the Board where appropriate.
iii) The MD in association with the Chairman is responsible for the achievement of the Company goals.
iv) Present to the Board operational and other reports (such as annual financial and capital expenditure budgets etc.)

Board independence

Director independence is critical to effective corporate governance and providing objective independent judgment that represents the interests of all shareholders is at the core of the Board's oversight function. Accordingly, a substantial majority of the Board's directors should be independent, compliant with applicable rules and regulations and as determined by the Board's charter.

An independent director should not have any relationships that may impair, or appear to impair, the director's ability to exercise independent judgment.

Annual assessment of the directors' independence

The independence of the board is assessed annually based on the National Board of Accountants and Auditors', Tanzania (NBAA) regulations.

During the 2024 financial year we confirm that no director (except executive directors) held management positions at the Company or with the Group and no former executive director(s) were appointed as Board member less than three years after their departures

Further note the Board has not received any complaints regarding their standing from the NBAA being the professional regulatory body

Board meetings

According to the Board charter, the Board is required to meet at least four times per year. At each normal meeting the Company's register of directors' interests will be updated as necessary, and the Board will consider:

i. The operational report from the MD, and individual business units,
ii. The financial report from the Chief Financial Officer (CFO).
iii. Review specific proposals for capital expenditure and acquisitions.
iv. Approve the annual financial and capital expenditure budgets.
v. Review and approve quarterly financial statements in line with term loan and stock exchange regulatory requirements,
vi. Approve the annual and half-yearly financial statements, reports to shareholders and al public announcements.
vii. Review the Board's composition, structure and succession as recommended by the Remuneration & Nomination Committee (RemCom)
viii. Receive and consider the report from the Audit, Risk and Compliance Committee on the review of the Company's audit requirements.
ix. Review the Code of Ethics and Business Conduct,
x. Review safety, health and environmental management policies and procedures.

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

During the 2024 financial year the Board held 4 meetings.

Outlined below is the attendance of the Board members and invitee for the meetings held during the year:

Name	Position	15/03/24	23/05/24	28/08/24	26/11/24	Comments
Mr R. Mbilinyi	Director	✓	✓	✓	✓	Attended
Mr Q. Ganijee*	Company Secretary	✓	✓	✓	✓	Attended
Mr T. Ishemo*	Head of Finance	X	✓	✓	✓	Attended
Mr A. Velez	Managing Director	X	X	✓	✓	Appointed on 1st May 2024
Mr H. Gurdal	Chairperson	✓	✓	✓	✓	Attended
Mr C. Mikli	Director	✓	✓	✓	✓	Attended
Mr F. Brambilla	Director	✓	✓	✓	✓	Attended
Mr G. Puppo	Director	✓	✓	✓	✓	Attended

✓→Attended X→Excused/Resigned

*→Invitees

During these meetings several matters were discussed regarding the operations of the Group. Some of these matters were:

- The Board reviewed and approved the annual financial statements.
- The Board had a discussion on the quarterly financial performance of the Group as presented by the management,
- The Board discussed and approved the Group's financial budget for 2025-2027 and long-term financial forecast for the year 2024 as presented by the management,
- The Board discussed and approved the annual capital expenditure budget for the year 2025.
- The Board also discussed the reports received from its two standing committees and deliberated thereon.

After the discussion and deliberation, the Board directed management accordingly on each specific matter raised.

The Board's Relationship with Shareholders

The Board always uses its best endeavours to familiarise itself with issues of concern to Shareholders. The Board regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of shareholders and, if thought appropriate, it will take outside expert advice on these matters.

Board committees

According to the Board charter, Board committees will be formed only when it is necessary to facilitate efficient decision-making, and they will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.

During the 2024 financial year, the Board had two standing committees, namely the Audit, Risk & Compliance Committee, and the Remuneration & Nomination Committee. These two committees have their own charter which govern their operations.

8. CORPORATE GOVERNANCE (CONTINUED)

Audit, Risk and Compliance Committee

This committee provides a forum for the effective communication between the Board and the external and internal auditors. The committee has been established to improve the efficiency of and assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate financial systems, control processes and the preparation of accurate financial statements, identifying, considering, and monitoring risks impacting on the Company's business and ensuring compliance to prevailing legislation and statutory requirements. The committee does not perform any management functions or assume and management responsibilities. It performs an oversight role on behalf of the Board, and therefore report to the Board.

The committee has a charter that describes its structure, composition, and functions.

The directors of the Company who served on the committee during the year under review, and to date of this report are:

Name	Nationality	Qualification
Mr R. Mbilinyi	Tanzanian	BSc Engineering, MBA (Marketing)
Mr H. Gurdal	Turkish	Mechanical Engineering and MBA in International Management
Mr A. Velez	Spanish	PhD of Economics and Business Organisation, MBA in Corporate Finance and a BA in Economics
Mr C. Mikli	German	Diplom - Kaufmann
Mr F. Brambilla	Italian	Civil Engineering, MBA
Mr G. Puppo	Italian	Chem. Eng., MBA

The Audit, Risk and Compliance Committee reports to the Board and met four times during the year.

Outlined below is the attendance of the committee members and invitees in the meetings held during the year:

Name	Position	15/03/24	23/05/24	28/08/24	26/11/24	Comments
Mr R. Mbilinyi	Director	✓	✓	✓	✓	Attended
Mr C. Mikli	Chairperson	✓	✓	✓	✓	Attended
Mr Q. Ganijee*	Company Secretary	✓	✓	✓	✓	Attended
Mr P. De Jager*	Chief Financial Officer	✓	✓	X	X	Resigned on 31st May 2025
Mr T. Ishemo*	Finance Manager	X	✓	✓	✓	Attended
Mr A. Velez	Managing Director	X	X	✓	✓	Appointed on 1st May 2024
Mr H. Gurdal	Director	✓	✓	✓	✓	Attended
Mr F. Brambilla	Director	✓	✓	✓	✓	Attended
Mr G. Puppo	Director	✓	✓	✓	✓	Attended

✓→Attended X→Excused/Resigned

*→Invitees

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

Audit, Risk and Compliance Committee (Continued)

During their four meetings held in 2024 the committee apart from other things, discussed the following:

- The committee reviewed and approved the annual and half-yearly financial statements before publication.
- Reviewed all significant tax matters involving uncertainty.
- Reviewed the compliance with local and international accounting standards.
- Reviewed the internal audit report as well as the internal audit annual budget and plan.
- Reviewed the external auditor's report on audit issues, and material internal control weakness.
- Reviewed annual audit plan and audit fee budget.
- Reviewed effectiveness of internal control systems including computerised information systems, control, and security.
- Review systems and report on monitoring, compliance with laws, regulations, regulatory authorities' requirements and Company's memorandum and articles of association.

Remuneration and Nomination Committee

The committee was formed to help the Board to consider, investigate, review, and recommend to the Board any material changes to the company's existing remuneration policy, the employee long-term reward scheme, and the incentive bonus scheme with the objective of ensuring that the Company's employee remuneration accords with remuneration practice in Tanzania and supports the Company's commitment to attracting and retaining highly skilled talent. The committee is also responsible to review the remuneration of non-executive directors and the remuneration packages of senior management on an annual basis and make its recommendations to the Board.

The directors of the Company who served on the committee during the year under review, and to date of this report are:

Name	Nationality	Qualification
Mr R. Mbilinyi	Tanzanian	BSc Engineering, MBA (Marketing)
Mr H. Gurdal	Turkish	Mechanical Engineering and MBA in International Management
Mr A. Velez*	Spanish	PhD of Economics and Business Organisation, MBA in Corporate Finance and a BA in Economics.
Mr C. Mikli	German	Diplom - Kaufmann
Mr F. Brambilla	Italian	Civil Engineering, MBA
Mr G. Puppo	Italian	Chem. Eng., MBA

The Remuneration and Nomination Committee, which comprises non-executive directors and one executive director (*), who reports to the Board and met four times during the year.

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

Remuneration and Nomination Committee (Continued)

Outlined below is the attendance of committee members and invitees during the meetings held in the year:

Name	Position	15/03/24	23/05/24	28/08/24	26/11/24	Comments
Mr R. Mbilinyi	Director	✓	✓	✓	✓	Attended
Mr Q. Ganijee*	Company Secretary	✓	✓	✓	✓	Attended
Mr P. De Jager*	Chief Financial Officer	✓	✓	X	X	Resigned on 31st May 2024
Mr T. Ishemo*	Finance Manager	X	✓	✓	✓	Attended
Mr A. Velez	Managing Director	X	X	✓	✓	Appointed on 1st May 2024
Mr H. Gurdal	Chairperson	✓	✓	✓	✓	Attended
Mr C. Mikli	Director	✓	✓	✓	✓	Attended
Mr F. Brambilla	Director	✓	✓	✓	✓	Attended
Mr G. Puppo	Director	✓	✓	✓	✓	Attended

✓→Attended X→Excused/Resigned
*→Invitees

During the period under review the committee discussed and presented to the board for approval the following matters:

- Review the performance of the managing director.
- Provide counsel to the managing director on the evaluation of the performance of members of senior management.
- Review and approve the proposed annual remuneration increase for the 2024 year.
- Review the annual bonus payment for the year 2023.
- Review the composition of the board and adequacy of the number of committees.
- Review the directors' fees and recommend appropriate fees to the board.
- Review the company's annual succession plan report.

Board and Committees Evaluations

The Board and its committees critically evaluate their own performance and their own processes and procedures each year to ensure that they are not unduly complex and are designed to assist the Board and committees to effectively fulfil their roles.

Each year, individual directors and committee members are evaluated whereby the Board and Committees determine questions to be asked of each director and committee member about him or herself and about each other, including the chairman in compliance with best corporate governance principles. It is mandatory for each director and committee member to answer the questions in writing and the responses are collated by the chairman of the Board and chairmen of the committees, with the assistance of the company secretary, who then discuss the results with each director and committee member and with the Board collectively. The Board chairman's own position is discussed with the Deputy Chairman and/or the rest of the Board. The Board have the discretion to determine other means of evaluation should they so deem fit.

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

Board and Committees Evaluations (continued)

During the year, evaluation of the Board, its committees and the individual directors were performed by using questionnaires as explained above.

Appointment of the Board and Committees' members

Before any appointment is made by the board, evaluate the balance of skills, knowledge and experience on the board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the committee shall:

- Use open advertising or the services of external advisers to facilitate the search.
- Consider candidates from a wide range of background.
- Consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- Keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.
- Review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- Ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

The committee shall also make recommendations to the board concerning:

- Membership of the audit, risk & compliance committee and this committee, in consultation with the chairmen of these committees.
- The re-appointment of any non-executive director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required.
- Any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract.
- The appointment of any director to executive or other office.

Training and development of the members of the board and committees

Directors are encouraged to carry out "due diligence" on the Company before accepting an appointment to the Board.

On their first appointment, non-executive directors have the benefit of an induction programme aimed at deepening their understanding of the Company and the business and the operational environment and markets in which the Company operates. As part of the programme, directors will receive a folder of essential Board and Company information and will meet key management personnel.

Directors are expected to keep themselves abreast of changes and trends in the business and in the Company's operational environment and markets and to keep abreast of changes and trends in the economic, political, social and regulatory environments generally.

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

Any director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a director or member of a relevant committee, however he/she must first discuss it with the Chairman and, having done so, will be free to proceed.

During the 2024 year there were no formal training conducted for the directors.

Performance evaluation and reward

Details of the remuneration of the directors are disclosed in Note 33 to the consolidated and separate financial statements. The Group utilises the results of market surveys to ensure market related salaries are paid and that market trends are followed in terms of changes in benefits, while taking into account the value of the employee's contribution to the Group. A portion of the incentive remuneration of the managerial staff, especially senior management, is linked to the financial performance of their respective business units and of the Group as a whole.

Risk management and internal control

The Board accepts final responsibility for the risk management and internal control system of the Group.

It is the task of management to ensure that adequate internal financial and operational controls are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding the operational effectiveness and efficiency of:

- The effectiveness and efficiency of operations;
- The safeguarding of the Group's assets (including information);
- Compliance with the applicable laws, regulations and supervisory requirements;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and,
- Responsible behaviour towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance by staff with such measures. Consequently, even a strict and efficient internal control system can provide no more than a reasonable measure of assurance in respect of the above-mentioned objective.

The Board assessed the internal control system throughout the financial year and is of the opinion that it is at an acceptable level.

Ethical behaviour

The Group's Code of Conduct governs its activities, internal relations and interactions with stakeholders in accordance with its ethical values. Staff are expected to maintain the highest level of integrity and honesty in dealing with customers, suppliers, service providers and colleagues.

Compliance with the Code of Conduct is the ultimate responsibility of the Managing Director and the Company Secretary, with day-to-day monitoring delegated to line management.

The code is supplemented by the Group's responsibility philosophy as well as its employment practices and its occupational health and safety controls.

8. CORPORATE GOVERNANCE (CONTINUED)

Business ethics and organisational integrity

The Group's Code of Conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its directors, managers, employees, customers, suppliers, competitors, investors, shareholders and the public in general. The directors and staff are expected to fulfil their ethical obligations in such a way that the business is run strictly according to fair and competitive commercial practices.

Principal risks and uncertainties

Overview of the Group's enterprise risk management

The Board is responsible for the establishment and oversight over the business's risk management framework. The execution of this responsibility is cascaded to management, who are responsible for managing material risks that fall within their operating domains.

Management of risks is prioritised based on the residual exposure of the identified risks, i.e. the potential impact after mitigation measures are in place to ensure business sustainability.

Enterprise risk is reviewed and reported on at least quarterly to the Audit Risk and Compliance Committee and to the Board.

Risk management practices

An evaluation of material risks is conducted regularly and submitted quarterly to the Audit, Risk and Compliance Committee and to the Board of Directors. The aim is to reflect the risk exposure to the Group and become on a forward-looking basis. The risk profile of the Group is evaluated in the context of the business's risk capacity and tolerance thresholds set for the year.

Principal risks

The principal risks and uncertainties that may significantly affect the Group's operations, strategies and sustainability are detailed below:

Risk Type	Risk Definition	Risk causes	Key Risk Indicator (KRI)	Planned Risk Controls
Market Price Risk (Competitor Actions)	The risk that competitor's actions or natural comparative advantages in the marketplace will adversely affect the volumes or prices achieved by the Company, resulting in lower than budgeted revenues and the Company being unable to meet its financial obligations.	• Declining or no price increases as result of price competition driven by excess capacity and customer bargaining power. • Competitors' strategic advantages such as low-cost curves, optimal location and other synergies. • Declining market shares (due to increase in capacity, existing players, new entrants, and imports. • Loss of high performing skilled sales staff.	• Net Sales Revenue	• Optimising cement sales by geography/micro market, customer segment and by product. • Grow cement volumes through Trade Development Representatives (TDRs) • Performance based salary structure and staff training. • Sales linked promotions for large distributors. • Optimise logistics supply to the market.

8. CORPORATE GOVERNANCE (CONTINUED)

Principal risks and uncertainties

Risk Type	Risk Definition	Risk causes	Key Risk Indicator (KRI)	Planned Risk Controls
Reduced Market Demand Risk	The risk that an overall reduction in market demand due to macroeconomic factors will cause the business to attain lower than budgeted sales volumes and have a direct impact on the company's revenue.	• Declining sales volumes due to general decrease in total demand. • Weak macroeconomic environment (low investment, low growth, low business confidence).	• Value of decrease in net sales.	• Optimising the cement sales by geography/micro market, customer segment and by product. • Grow cement volumes through expanding product range. • Performance based salary structure and staff training. • Sales linked marketing promotions.
Supply Interruptions of Critical Spares and Production	Supply interruptions/stock shortages following breakdowns due to failure of critical equipment. The impact is taken as the value of lost sales or the cost of buying product from competitors at a premium to mitigate supply interruptions.	• Poor plant reliability due to inadequate maintenance and use of unreliable parts. • Non-availability of critical spares. • Weather induced breakdowns, i.e. breakdowns resulting from poor workability of production input materials due to adverse weather conditions.	• OEE % variance against budget. • MTBF (Mean time between failures).	• Keeping adequate buffer stocks for products as well as for key production raw material resources. • Effective maintenance planning, execution, using reputable parts suppliers, effective condition monitoring of critical plant parts, etc. • Investigating alternative/backup, longer term plans for key resources e.g. secure supply of critical mineral resources.
Inadequate Liquidity	The risk that the company will not have adequate financial resources to meet short term financial obligations, e.g. to providers of capital, suppliers and or other stakeholders	• Insufficient financial performance (lower EBITDA and cashflows). • Capex expenditure not adapting in line with reduced EBITDA. • Decrease in working capital due to payment of long-term capital expenditure from short-term operational cashflows. • Decrease in working capital due to increase in credit sales to retain key customers and distributors.	• Liquidity ratios and cash flows.	• Monitoring credit limits and implementing a rigorous debtor risk management control. • Cashflow forecasting and optimised procurement function. • Zero tolerance policy to fraud and corruption. • Rigorous process for monitoring capex approvals. • Ensuring efficient spending on equipment maintenance (mitigation only reduces the likelihood, not the impact).

8. CORPORATE GOVERNANCE (CONTINUED)

Principal risks and uncertainties (Continued)

Risk Type	Risk Definition	Risk causes	Key Risk Indicator (KRI)	Planned Risk Controls
Energy Interruptions	Production losses and additional costs caused by reduced operating efficiencies due to electrical power interruptions from the power utility. Potential damage includes premature kiln refractory material failure.	• Poor and unreliable power supply from the local utility.	• Number of electrical power interruptions (per week).	• Installation of a UPS system which has been approved, but commencement is subject to cashflow constraints. • Desensitising electronic plant control equipment to micro-dips in electricity supply. • Continued proactive maintenance regime of installed standby generators.
Non-compliance with Material Legislation	The risk that the business will incur fines, penalties, loss of licenses due to non-compliance with material legislation or license conditions	• Increasing the costs of operating a business due to onerous compliance requirements. • Changes in the competitive landscape, e.g. market structure requirements, concentration ratios. • Financial penalties and levies due to non-compliance with legislation	• Non-compliance notices. • Increase in number of calls through the Tip-offs Anonymous hotline relate to non-compliance issues. • Increase in legislative penalties and levies due to non-compliance with material legislation	• Draft and implement a compliance framework. • Monitor with legislative changes in the business's operating environment. • Encourage ethical and acceptable market conduct in pursuit of business objectives, as guided by the Codes of Conduct. • Implementation of a zero tolerance to misconduct associated with corruption and unethical behaviour in any part of the business. • Quarterly review of compliance by the Audit, Risk and Compliance Committee.

8. CORPORATE GOVERNANCE (CONTINUED)

Principal risks and uncertainties (Continued)

Risk Type	Risk Definition	Risk causes	Key Risk Indicator (KRI)	Planned Risk Controls
Skills & Talent Shortage	The risk that the business will incur higher costs related to lack of critical skills, i.e. staff not having the required knowledge, skills or motivation to effectively carry out their responsibilities in current and future positions. This manifest in increased costs incurred related to outsourcing skills and costs related to reduced productivity	• Inadequate succession planning. • Company losing experienced employees to other companies (high turnover of experienced staff. • Reduction in training and professional development budget as part of cost rationalisation	• Staff turnover rate. • Number of flagged vacant positions	• Develop and implement an effective clear succession plan for key positions. • Develop and implement a robust skills sharing and transfer program in the business. • Conducting employee workplace culture surveys. • Implementing a total reward strategy and position the company as the employer of choice • Implement a staff retention strategy.
Serious Reputational Risk Incident	The risk of damage to the reputation of the business in the eyes of internal and external stakeholders resulting in loss of sales and other loss of business opportunities. Impact is measured as sales losses due to reputational damage.	• Unethical conduct by persons conducting the company's business. • Non-compliance with legislation. • Unethical conduct by trade counterparties. • Negative public reporting around the company's financial position	• Number of negative press reporting events	• Develop and implement a code of conduct applicable to all employees of the company, develop a public relations and communication policy and procedure manual. • Rigorous training on fraud prevention and ethics in the workplace. • Rapid situation assessment approach to issues and being able to respond or communicate quickly and effectively. • Management to ensure proactive engagement with stakeholders.

8. CORPORATE GOVERNANCE (CONTINUED)

Principal risks and uncertainties (Continued)

Risk Type	Risk Definition	Risk causes	Key Risk Indicator (KRI)	Planned Risk Controls
Labour Market Action/ Instability	The risk that market unrest or labour strikes will affect the ability of the business to provide products to customers. It includes the additional cost-to-serve from unaffected operations during such events	• The state's socioeconomic policies, etc. • Unresolved grievances with spheres of government in relation to policies or service delivery. • Unacceptable demands for additional employment benefits • Unrealistic salary demands	• Media reports of labour related violence/claims of employees' dissatisfaction. • Feedback from geographic or regional meetings. • Threats of implementation of formal dispute process.	• A structured platform for effective interaction and negotiation between stakeholders of the business. • Monitoring conflict indicators and promoting workplace satisfaction. • Sound and open engagements with recognised labour unions

Group Corporate Communication

The Group has a policy which governs all corporate communications and public relations. The purpose of the policy is to ensure the Company's ability to communicate and deliver messages consistently in both emergency and non-emergency situations in a manner that is both appropriate, efficient, effective, and best serves the Company's strategic objectives, mission, goals, reputation and image.

The Group is committed to creating effective communication that enable our stakeholders to make informed decisions based on our goals and performance.

We are open and transparent in providing continuous and compressible information on our performance both internally and externally. We also inform our stakeholders impartially and in good time about all material business developments.

TCPLC is a local company that is part of a multi-national group therefore we have a global outlook. Accordingly, our communications and publications always consider the different environments which we may impact. Our engagement with stakeholders is based on mutual respect and trust and we are committed to cultivating a spirit of open dialogue.

Key stakeholders' communication includes the Group's Annual Report, published quarterly financial reports, cautionary notices and other publications in accordance with the Dar es Salaam Stock Exchange Listing Rules. The Group has a website simbacement.co.tz, and social media accounts in the name of "Simba Cement" through which our stakeholders can access all publications including general information about the company and its subsidiaries.

8. CORPORATE GOVERNANCE (CONTINUED)

Whistle blowing policy

The group has a policy which governs the entire process of whistle blowing. The main purpose of the policy is to enhance good governance and transparency in dealing with individuals, corporate entities, and all other stakeholders. The policy provides a platform for raising concerns related to fraud, corruption or any other misconduct and to ensure that anyone who disclose information relating to these misconducts will be protected from any retaliation.

The employees of the Company may, in confidence raise concerns about possible improprieties in matters of financial management or other matters. The Board through the Audit, Risk and Compliance Committee and in collaboration with management ensures that arrangements are in place for the appropriate and independent investigation of such matters and that appropriate follow-up actions are taken. The committee considers the major findings of internal investigations and management's response.

Apart from the internal whistle blowing policy, the Group has a section on its website explaining on how anonymously report any misconduct, conflict of interest, and breaches of the code of conduct and deemed non-compliance with legislation.

Conflict of Interest

The directors, managers and employees of the Company and its subsidiary (Group) are responsible to the shareholders, customers and the public at large to ensure that the Group's affairs are conducted according to the highest standards of corporate governance.

The Group has a policy which govern all insider trading activities. In dealings with individuals and corporate entities, the policy requires employees to act legally and ethically in the best interest of the Company, to the exclusion of all considerations of personal preference, advantage, interest or relationship.

The Board charter requires directors not to provide business or professional services to the Company as it will create a real or perceived conflict of interest.

During the year, none of the directors or employees had any direct or indirect material interest in any significant contract with the Group.

Financial reporting and auditing

The directors accept final responsibility for the preparation of the consolidated and separate financial statements which fairly represent:

- The financial positions of the Group and Company as at the end of the year under review;
- The financial results from operations; and,
- The cash flows for that period.

The responsibility for compiling the consolidated and separate financial statements was delegated to senior management.

The external auditor has examined and reported on whether the consolidated and separate financial statements are fairly presented.

8. CORPORATE GOVERNANCE (CONTINUED)

Financial reporting and auditing (Continued)

The directors are satisfied that during the year under review:

- Adequate accounting records were maintained;
- An effective system of internal control and risk management was maintained and monitored by management;
- Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, were used consistently; and,
- The consolidated and separate financial statements were compiled in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2002 of Tanzania.

The directors are also satisfied that no events occurred subsequent to the year-end up to the date of this report which could have a material effect on the results of the Group or Company.

The directors are of the opinion that the Group and Company have sufficient resources and commitments at its disposal to operate the business for the foreseeable future. The consolidated and separate financial statements have been prepared on a going concern basis as disclosed in Note 40.

The Group is committed to the principles of Good Corporate Governance. The directors also recognise the importance of integrity, transparency and accountability. During the year, the Company's Board was supported by two 2sub-committees (refer to section 8 of this report of those charged with governance) to which it delegated some of its functions to ensure a high standard of corporate governance throughout the Group.

9. REMUNERATION POLICIES

The Group has formal processes and procedures in place for determining remuneration paid to its directors. Management periodically prepares a proposal for fees and other emoluments to be paid to directors after having conducted market surveys and consulted with the parent company before forwarding the same to the Annual General Meeting (AGM) for final approval. The remuneration policy is in line with the Group strategy and linked to individual performance. The policy is reviewed annually by the Remuneration and Nomination Committee and approved by the Board.

10. CAPITAL STRUCTURE

The Company's capital structure for the year under review was as shown below:

Authorised
63,671,045 Ordinary shares of TZS 20 each (2023: 63,671,045 Ordinary shares of TZS 20 each).

Issued up and fully paid
63,671,045 Ordinary shares of TZS 20 each (2023: 63,671,045 Ordinary shares of TZS 20 each).

Details of the capital structure are disclosed under Note 25 to the consolidated and separate financial statements.

11. MANAGEMENT

The management of the Company is led by the Managing Director and is organised in the following functions:

- Financial;
- Plant Management;
- Commercial, Sales and Marketing;
- Human Resources and Administration; and,
- Logistics

12. KEY MANAGEMENT PERSONNEL OF THE GROUP IN EXECUTIVE POSITIONS

The organisation structure of the group is made up with five departments which are Plant, Commercial, Logistics, Finance and Human Resources.

The key management personnel who served during the year, and to date of this report, were:

Name	Position	Qualification	Age
Mr A Velez	Managing Director	PhD of Economics and Business Organisation, MBA in Corporate Finance and a BA in Economics.	56
Mr P. De Jager (Resigned on 31st May 2024)	Chief Financial Officer	B. Com (Accounting), B. Compt (Hons)/CTA, MBA	53
Mr V Singh	Plant Manager	B. Chemistry (Hons) & PG Diploma in Cement Technology	51
Mr S Chindoli	Safety, Health and Environmental Manager	B. A in Disaster and Safety Management – Lyceum College (South Africa) MSc in Safety, Health and Environment – Greenwich University (UK).	43
Mr T Ishemo (Appointed 1st May 2024)	Head of Finance	B. Com (Accounting), CPA, PGDT	52
Mrs N. Mukoyogo	Head of Human Resources	BBA, MBA, PHRi	44
Mr S. Shoo	National Logistic Manager	B.Sc. Engineering, MBA	60

Functions of key management personnel in executive positions:

- Development and execution of the Group's strategic plans.
- Creating and sustaining long-term value of the business operations.
- Group's risk evaluation and monitoring.
- Performance management of the business operations.
- Preparation of the reports to be submitted to those charged with governance and in accordance with statutory requirements.
- Developing budgets and forecasts for the business.
- Supervising their respective departments and enforcing the overall culture of compliance across the business.

12. KEY MANAGEMENT PERSONNEL OF THE GROUP IN EXECUTIVE POSITIONS (CONTINUED)

Compensation for key management personnel in executive position

	Group and Company	
	2024	**2023**
	TZS' 000'	**TZS' 000'**
Short-term employee benefits (Salary)	1,078,272	3,380,584
Post-employment benefits (Defined contribution plans)	115,280	369,735
	1,193,552	**3,750,319**

13. DIRECTORS' REMUNERATION

The remuneration of the directors is subject to an annual review based on the industry benchmarking to ensure reasonable compensations are paid to the directors.

The remuneration for services rendered by the directors was as follows:

	Group and Company 2024 TZS'000	**Group and Company 2023 TZS'000**
Chairperson of the Board	-	36,428
Non- executive directors	33,218	64,165
Total	**33,218**	**100,593**

The decrease in directors' remuneration for 2024 was due to comparatively fewer board members during the year under review.

14. SHAREHOLDERS OF THE COMPANY

The total number of shareholders as at 31 December 2024 was 10,511 shareholders (2023: 10,571 shareholders). The top ten shareholders as at 31 December 2024 were:

Shareholder	**2024**	**2023**
1) SCB(T) NOMINEE RE: SCB SG S/A SCANCEM INTERNATIONAL DA TZ135943400001	68.33%	68.33%
2) PUBLIC SERVICE SOCIAL SECURITY FUND	4.39%	4.39%
3) AFRICAN LIONS FUND LTD.	2.14%	1.81%
4) NATIONAL SOCIAL SECURITY FUND	1.81%	1.10%
5) THE REGISTERED TRUSTEES OF TANGA CEMENT CO LTD EMPLOYEES SCHEME	1.10%	0.82%
6) DOUBLE DIGIT DIVIDENDS FUND LTD	0.92%	0.80%
7) TIM SANDEMAN STAERMOSE	0.85%	0.62%
8) TANVINDER SINGH VIRDI	0.80%	0.44%
9) MEHBOOB HAFIZ KADRI	0.41%	0.42%
10) ABC COMPUTER LIMITED	0.39%	0.39%

14. SHAREHOLDERS OF THE COMPANY (CONTINUED)

Summary of members by shareholding as at 31 December 2024:

	2024		2023	
	Number of members	Number of shares	Number of members	Number of shares
1 - 1,000	8,936	2,824,773	8,928	2,864,083
1,001 - 5,000	1,128	3,053,785	1,167	3,167,992
5,001 - 10,000	315	1,927,677	329	2,021,329
10,000 plus	131	12,360,407	146	12,113,238
SCB(T) NOMINEE RE: SCB SG S/A SCANCEM INTERNATIONAL DA TZ135943400001	1	43,504,403	1	43,504,403
Total	**10,511**	**63,671,045**	**10,571**	**63,671,045**

Director's shareholding

No director held any ordinary shares in the Company.

15. STOCK EXCHANGE LISTING INFORMATION

The Company's market capitalisation as at 31 December 2024 was TZS 114.61 billion (2023: TZS 133.71 billion). Total turnover of the Company's shares traded on the DSE for the year ended 31 December 2024 was TZS 1,926 million (2023: TZS 3,951 million). The average traded price of the Company's shares for the year was TZS 1,980 per share (2023: TZS 1,650) and the share price as at 31 December 2024 was TZS 1,800 per share (2023: TZS 2,100 per share).

16. OPERATING AND FINANCIAL REVIEW

Financial performance for the year

The Group recorded a 7% increase in sales revenue, reaching TZS 230.8 billion in 2024, up from TZS 215.1 billion in 2023. This growth was primarily driven by a favourable shift in our product mix, which consists of both clinker and cement sales. Notably, Tanzania Portland Cement Company Limited remained the Group's largest consumer of clinker, as reflected in the primary financial statements.

Gross profit rose significantly to TZS 53.6 billion, compared to a gross loss of TZS 22.8 billion in the previous year. This translated to a gross margin improvement from a negative 10.6% to a positive gross margin of 23.2%. The Group achieved a positive EBITDA of TZS 53 billion in 2024, a substantial turnaround from the negative EBITDA of TZS 55.5 billion in 2023. This improvement reflects stronger revenue performance and better control over operational costs during the period.

Loss before tax narrowed sharply to TZS 1.8 billion in 2024, compared to TZS 98.4 billion in 2023. The reduction was largely attributed to lower fixed and variable costs in cement and clinker production, as well as a notable decline in foreign exchange losses on term loans and the absence of losses from the disposal of interest rate caps, which had impacted the prior year.

The Group reported a net loss after tax of TZS 6.7 billion in 2024, a significant reduction from the TZS 99.9 billion loss recorded in 2023.

Looking ahead, the Group remains committed to enhancing sustainability through safer production methods and a continued focus on customer satisfaction. We are optimistic about the outlook for 2025, supported by improving market conditions and the anticipated acceleration of infrastructure projects, which are expected to create favourable opportunities for growth.

16. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Capital structure

The balance between equity and debt was as follows:

	Group		Company	
	2024 TZS' 000'	2023 TZS' 000'	2024 TZS' 000'	2023 TZS' 000'
Equity				
Issued capital	1,273,421	1,273,421	1,273,421	1,273,421
Treasury shares	(1,825,920)	(1,825,920)	(1,825,920)	(1,825,920)
Retained earnings	11,010,701	17,694,331	10,161,871	16,706,682
	10,458,202	**17,141,832**	**9,609,372**	**16,154,183**
Debt				
Lease liabilities	299,630	279,942	299,630	279,942
Interest bearing loans	293,327,737	233,408,082	293,327,737	233,408,082
Bank overdrafts	12,914,368	38,755,979	12,914,368	38,755,979
	306,541,735	**272,444,003**	**306,541,735**	**272,444,003**

Further details on the Group's capital management are included in Note 35 to the consolidated and separate financial statements.

The above capital structure was the result of a careful review of the debt carrying capacity of the Group taking into account the addition of the Kiln 2 capital expansion project. The Board considered the applicable business and economic risks associated with the new capital structure and found it to be within the risk tolerance of the Group and the Company without diluting the shareholders of the Company. Prudently, the Group and the Company has embarked on a restructuring/refinancing of its existing debt facilities aiming to ensure its long-term competitiveness and sustainability.

The Group has successfully entered into a supplementary extension of the Standstill and Amendment Agreement. The rights and obligations of the loan were transferred from Afrisam to Heidelberg Materials AG, including the standstill arrangement. The new lender has agreed to a further extension of the standstill agreement for another 18 months until August 2025. This extension mirrors the preceding standstill which provides the group with an exemption from the obligation to make any interest or principal payments for a duration of 18 months.

Key performance indicators

Key performance indicators (KPI), both financial and non-financial, are used by the directors to assess the Group's performance against its strategic objectives. These long-term strategy execution indicators include financial budgets, production volumes and efficiency targets, improved cost management, sustainable environmental performance, marketing innovation, human resources excellence and corporate social responsibility programmes.

Management of the KPIs

The Group does the following in managing the KPIs

- A set of KPIs is proposed by management and aligned with the holding company's KPIs and approved by those charged with governance and communicated to the management.
- The managing director cascades a more departmentally focused set of KPIs down to the heads of department which aligns and contributes to the overall business KPIs.

16. OPERATING AND FINANCIAL REVIEW (CONTINUED)

- Periodic reviews of the KPIs are held at different levels of management to ensure that the Group's performance is monitored, and corrective measures are promptly implemented.
- Solidifying our relationship with various stakeholders who can impact and are being impacted by the KPIs set to ensure success.
- Ensuring availability of critical resources and support to attain the set KPI targets.

The table below summarises some key performance indicators used by those charged with governance to monitor the performance of the Group against targets set for the 2024 financial year:

Key performance area	Strategic Objective	Key financial performance indicators	Performance aim	Performance measurement objectives
FINANCIAL & INTERNAL BUSINESS PROCESSES	Improve profitability	Earnings Before Interest, Tax, Depreciation and Amortisation	Increase	> Fixed value per financial budget
		Debt to Earnings Before Interest, Tax, Depreciation and Amortisation ratio	Decrease	< Fixed ratio of Total Net Debt to EBITDA per agreement with senior lender
		Net delivered selling price per ton of cement	Increase	> Fixed value per financial budget
		Total cement volumes sold (tons)	Increase	> Fixed quantum per sales budget
		Cost of production per ton	Decrease	< Fixed value per production budget

16. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Key performance indicators (Continued)

Management of the KPIs (Continued)

Key performance area	Strategic Objective	Key financial performance indicators	Performance aim	Performance measurement objectives
FINANCIAL& INTERNAL BUSINESS PROCESSES		Overtime % of normal hours worked	Decrease	< Fixed % of total normal employee hours worked per the human resources budget
		Third party services cost per ton of cement	Decrease	< Fixed value per production budget
		Third party services maintenance cost per ton of cement	Decrease	< Fixed value per production budget
	Execute best in class business processes	Average operational equipment efficiency (OEE) %	Increase	> Average % actual uptime as a ratio of total available uptime hours of major production units in line with international best standards
		Average mean time between failures (key equipment)	Increase	> Fixed value per production budget
		Clinker factor of cement	Decrease	< % Clinker used in the manufacturing of cement in line with international best standards
HUMAN CAPITAL	Inspiring and growing our people	Embedding the AfriSam Way and Let's Build culture	Increase	> Fixed group target % based on company culture survey questionnaires

16. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Key performance indicators (Continued)

Management of the KPIs (Continued)

Key performance area	Strategic Objective	Key financial performance indicators	Performance aim	Performance measurement objectives
SUSTAINABILITY	Being a responsible corporate citizen	Sustainability index matrix	Increase	> % Scoring on group sustainability audit with focus on: • Fatalities • Medical treatment injuries • Incidents reported late • Lost time injury free hours • Lost Time Injury Frequency Rate • Total Recordable Injury Frequency Rate • Lagging indicators – Hazards based on injuries • Leading indicators – Proactive Occupational Health & Safety management
		Lost time injury frequency rate (12 months rolling)	Decrease	< Frequency index of production hours lost due to injuries in relation to total employee hours worked in line with international and group best standards
		Total reportable injury frequency rate (12 months rolling)	Decrease	< Frequency index of reportable injury cases in relation to total employee hours worked in line with international and group best standards

Industry KPIs

There is no publicly available information from reliable sources that shows comparable industry averages for our KPIs since each manufacturing and distribution operation is unique in its manufacturing plant design, debt and capital structure, geographic location, availability and quality of raw materials requires as well as its distances from suppliers and to its key sales markets.

The Group performed relatively well on all key performance indicators during the year under review, achieving or bettering the KPI targets except on average operational equipment efficiency OEE % due to frequent breakdowns caused by instability of electrical power supply from the national utility.

17. THE GROUP'S OPERATING MODEL

The Group's operating model is a system of transforming inputs, through its operating activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium, and long term for all stakeholders.

A description the Group's operating model which cuts across the inputs, operating activities outputs and outcomes is given below:

Inputs

In the process of creating value for our stakeholders through the Simba Cement brand, the following are the key inputs that the Group depends on. The Group has categorised these inputs into four groups namely Raw Materials, Plant & Equipment, Energy, and Human resources.

Raw Materials.
These are ingredients used in the production of both clinker and cement which are sourced from our own quarry and from various third parties.

Limestone
This is the main raw material used in the production of Simba Cement. The material is sourced from our own limestone quarry located at our Pongwe factory area alongside Korogwe road. It is extracted through a process of drilling, blasting and hauling it to the production plant using dedicated heavy duty mining equipment and vehicles.

Average volume mined is 4,200 metric tons which is equivalent to 1,500,000 metric tons per annum.

Red soil/clay.
This material is also obtained from our own quarry. It is an important raw material input which contains alumina and iron oxide to act as a reagent in the production process of clinker.

Average volume mined is 600 metric tons which is equivalent to 220,000 metric tons per annum.

Iron Ore
The purpose of this raw material is the same as red soil. It is only used when the content of iron oxide in our own red soil is below the required standard. It is sourced from within the Tanga region from small scale miners. The average volume used per annum is 7500 metric tons.

Gypsum
Gypsum stones are sourced from the Kilimanjaro region. It is used in the final stage of milling clinker into cement in the production of Portland Cement. The main purpose of this raw material is to control the setting time of cement. The average consumption is 270 metric tons which is equivalent to 98,000 metric tons per annum.

Plant and Equipment

To align with its mission of mining, manufacturing, and distributing high quality cement consistently and providing related products and services in a sustainable manner, the company has installed the following major plant and equipment units:

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Inputs (Continued)

Plant and Equipment (Continued)

i) Kiln 1 (TK1). This production unit was among the first plants to be installed in the country. It was commissioned in 1980. Its current clinker production capacity is 1,500 tons per day.
ii) Kiln 2 (TK2). This is a new integrated production unit which was installed and commissioned in 2016. Its current clinker production capacity per day is 2,500 tons. The installation of this new and modern production unit enables TCPLC to increase its clinker production capacity to more than 1.25 million tons per annum.
ii) Cement mill 1. This equipment was installed in 1980 together with Kiln 1. Its cement production capacity is 525,000 tons per annum.
iii) Cement mill 2. To address the increased market demand, TCPLC added an additional new cement mill which was installed and commissioned in 2010. This investment enabled the company to increase its cement grinding capacity to more than 1.25 million tons per annum.
iv) Cement packers. The company has installed three packers (Packer 1 & 2 in 1980, and Packer 3 in 2010). This expansion enabled the company to serve its customers more efficiently. The combined installed capacity is 4,000 ton per day which is equivalent to 1.4 million tons per annum.
v) Quarry fleet. These are heavy duty earth moving equipment employed at the quarry to drill, excavate, and haul raw materials for clinker and cement production.
vi) Other Production Units – Plant and equipment installed at various stages of the production process:
    a. Crushers for crushing limestone into the required particle size,
    b. Red soil screen - Used to screen red soil from our own quarry.
    c. Stacker reclaimer - Used to mix red soil and crushed limestone to the required ratio.
    d. Raw mills - Used to grind crushed limestone and red soil into raw meal.
    e. Coal mills - Used to grind coal into the required particle size required for the thermal heating process of clinker production.
    f. Weigh bridges – The company installed four weighbridges for weighing trucks carrying both incoming raw materials and outbound cement and clinker to customers.

Energy

The conversion of raw materials in the production of cement requires high quantities of reliable sources of energy. We use diesel fuel, electrical energy and thermal energy in the manufacturing conversion process. Below are the details of our requirement as well as our consumption for each type of energy.

<u>Thermal Energy (Coal)</u>
This is the major source of energy we use in the clinker production process. Milled limestone and red soil (raw meal) are heated to 1,200 – 1,400 degrees centigrade to produce clinker in the kilns. Thermal coal is sourced locally from the Songea region. The average daily consumption is 500 tons which is equivalent to 180,000 tons per annum. This translates to TZS 50.4 billion of value added per annum.

<u>Electricity</u>
Another source of energy employed by the company to run the production equipment, lighting and ancillary services is electrical energy supplied by the national utility TANESCO. Our minimum demand requirement to run the operations at maximum capacity is 24 megawatts. Our average monthly consumption is 12,000 kWh. The average annual spend on electrical energy was TZS 27.6 billion of value added.

<u>Diesel</u>
TCPLC has employed dedicated heavy duty earth moving equipment for the hauling of materials from the quarry to the production plant. TCPLC has also installed backup generators for own emergency power generation during power dips, failures and planned power rationing. Our average daily consumption is 5,120 litres which is equivalent to 1.8 million litres per annum. This translates to TZS 4.1 billion of value created per annum.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Inputs (Continued)

Energy (Continued)

Water
TCPLC uses water in various phases of the cement manufacturing process. Our average daily consumption of water is 20,000 litres which is equivalent to 7.2million litres per annum. This translates to TZS 727.2 million per annum of value added.

Human Resources
Our greatest strength in our operation is our people. We demonstrate this through our company values which describes who we are and what matters to us. Our values of People, Performance and Planet are the centre of everything we do.

The Company/Group had 213 (2023: 231) employees, of which 17 were female and 196 were male (2023: 23 females and 208 male). The Group had 213 (2023: 232) employees, of which 17 were female and 196 were male (2023: 23 females and 209 male).

Business activities

The principal operating/business activities of Tanga cement is production, distribution and sale of clinker and cement under the brand of Simba Cement.

a) Production
Simba Cement products are manufactured in accordance with Tanzania cement standard TZS 721-1 which is equivalent to European Norm Standard EN 197-1 and East African Standard EAS 18-1.

Simba brand cement products are manufactured through a process that is carefully designed and controlled by a team of dedicated professionals. The performance of our cement products is constantly monitored to maintain the highest standards of quality, consistency and strength.

We manufacture the following cement products which are uniquely developed for different applications:

SIMBA BORA [CEM II/A-L, 42.5N] - This is a Portland Limestone cement using a limestone extension. It is a high strength class cement specially designed for the following construction applications:
- Structures, structural and non-structural cast construction.
- Reinforced concrete for foundations, columns, beams, slabs, girdles, bearing walls etc.
- Precast elements made of normal and reinforced concrete.
- Special floor screed and mortar.
- Mining operations.
- Concrete used for repairs in civil and industrial works, fillings, coating of reinforced and non-reinforced elements.

SIMBA IMARA [CEM II/B-M, 32.5 R] – This is a Portland composite. It is an ordinary strength and an all-purpose class cement which can be used in the following construction applications:
- Structural and non-structural cast, foundations, columns, beams, walls, girdles, paving slabs, kerbs, interlocking pavement slabs, bricks etc.
- Elements made of normal and reinforced concrete in environments with low and moderate aggressiveness.
- Elements made of reinforced concrete, in environments with low carbon aggressiveness and sulphate activity.
- Reservoirs.
- Mortar for filling joints between precast elements.
- Mortar for special flooring etc.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Business activities (Continued)

a) Production (Continued)

SIMBA BARABARA [CEM II/B-M, 32.5 N]- This is a Portland composite cement for use specifically in road stabilisation, specially formulated to improve the engineering properties of soil.
It has been developed and tested to achieve good performance across a broad range of road material types. It offers consistent strength and durability to road sub-bases, making it ideal for road construction.

In the process of producing the above three brands of cement, we have divided our operation into three stages (sub-processes) as detailed below.

i. Raw Material Preparation.
This is where the production process begins. It starts from the quarry where we drill, blast, load, haul and crush to get Limestone aggregates. Red clay (second component of raw materials) is excavated, loaded, screened, and stored for consumption in the plant. Crushed limestone and red clay are proportionally mixed and milled to produce raw meal.

ii. Pyrolysis process (Clinker Production)
This is the second process where raw meal undergoes thermal degradation into smaller volatile molecules, without interacting with oxygen or any other oxidants. The raw meal is homogenized and burnt by using thermal energy (Coal) in rotary kilns at 1,200 - 1,400 degrees centigrade to produce clinker which is cooled and stored in silos.

iii. Cement Production
From the storage silos, clinker is directed into cement mills together with other additives like gypsum and limestone for cement grinding. The composition for Simba Imara cement (32.5R) is 6% gypsum, 24% limestone and 70% clinker, while Simba Bora cement (42.5N) is composed of 6% gypsum, 14% limestone and 80% clinker, and Simba Barabara cement (32.5N) is composed of 6% gypsum, 26% limestone and 68% clinker. After cement grinding it is transported to cement storage silos and ready for being packed and distributed to customers.

b) Distribution

This process starts from where the customer places an order up to the point where customer receives the product. TCPLC has three automated rotary cement packers. They have the capacity to pack and dispatch 4,000 tons of cement daily in both normal 50 Kg bags or 1.5 ton jumbo bags as well as into bulk tanker trailers.

We two options for customers to select when ordering cement. It is either to collect ex-factory, or direct delivery to their premises. To continue serving our customers more efficiently, we have opened distribution depots (warehouses) in different regional locations across the country. This strategy made our products more accessible and affordable to smaller customers and distributors in remote locations relative to our main manufacturing location in Tanga.

We distribute our product on road, railway, and by sea (to Zanzibar).

Our agreement with the Tanzania Rail Company Ltd (TRC) allows us access to dedicated wagons for transport of cement along the strategic distribution railway lines. This advantage reduces our storage and freight costs by leveraging off more cost-efficient rail transport and distribution in Tanzania.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Business activities (Continued)

c) *Sales and Marketing*

We have a robust sales and marketing support network throughout the six regions/zones where we sell cement (Central, Lake, North, South, Dar es Salaam, and Export) comprising of 37 Trade Development Representatives in all regions across our market.

We have a dedicated sales and marketing team that ensures that the values below are delivered to our customers:

- Timely delivery of cement and after sales service
- Providing excellent services to meet customers' expectations.
- Monitoring changes in customer requirements, technologies and continuously improving the customer experience by developing innovative solutions to meet their specific needs
- Providing periodic statements to customers on paid and outstanding liabilities; and
- Engaging with customers through consultative meetings to educate and advise them on cement and concrete applications.

Responses to changes in requirements and innovation.

The Group aims to meet stakeholders' needs with innovative solutions and our superior experience in the cement and construction industry which is critical to maintaining a superior relationship with our customers, and other stakeholders.

For us to remain competitive in the market, the Group is always striving for excellence in everything we do. In that regard we have several operating policies and procedures that govern the way we operate like our quality policy.

The quality policy requires us to consistently provide product and services in line with the requirements of our customers. This quality policy guides the behaviour that aims to develop, implement, and maintain a culture of customer satisfaction. To achieve this, the following policy objectives have been defined:

- Management will provide employees with adequate resources to achieve their agreed objectives.
- Compliance with the requirements of the ISO 9001 quality management system standard and the product requirements of the TZS727:2002 and EAS 18-1:2001 standards.
- Identify customer requirements, plan and implement their realisation, and measure our success in achieving them.
- Set specific quality objectives appropriate to the activities of our business units. Measure the progress and review the achievement thereof.
- Audit and continually improve the effectiveness of the documented quality management system.
- Increase quality awareness throughout the organisation by using the company communication systems.
- Striving for excellence by communicating the quality policy to all stakeholders.
- Agree on key performance indicators for all employees, which are directed towards quality performance, personal growth, and business goals.
- Share achievement of business performance with employees, shareholders, and customers.
- Employees will assist management in the execution of this policy by reporting non-conformities that have an impact on the quality of products and services.

Output

The core business of Tanga Cement Public Limited Company is the manufacturing and selling the highest quality cement products to our customers. Simba Cement products (Simba Bora, Simba Imara and Simba Barabara). We have made a significant contribution to various infrastructure development projects in East African countries for the past four decades. Our customers have enjoyed the following benefit upon using our products.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Output (Continued)

a) Simba Bora (42.5N) benefit
- This is versatile cement as well as cost-effective because of its workability, strength, and durability.
- It saves time because of its high strength capability.
- The strength of this cement makes it ideal for many specialised applications.

b) Simba Imara (32.5R).
This cement offers guaranteed high-performance and reactive mineral components with excellent cementitious properties.
- It allows for a smooth, defect-free finish for concrete, masonry, and plaster work.
- It maintains strength and stability for years.
- It creates durable concrete and is suitable for aggressive conditions.
- It is perfect for reducing the heat of hydration in mass concrete pouring applications.
- It improves concrete's resistance to chemical attacks.
- It makes concrete highly resistant to an alkali-aggregate reaction and is suitable for reducing the permeability of concrete in water retaining structures.
- It offers high workability which makes it easy to work with.
- It produces consistently good results.

c) Simba Barabara (32.5N).
- It improves the engineering properties of soil by reducing plasticity and enhancing the strength of road-based materials.
- It ensures durability, stability, and strength.
- It achieves good stability across a broad range of road materials.
- Its longer setting times make it ideal for road stabilization as it allows for adequate time to place and compact material.

Apart from offering high quality products detailed above, we also offer excellent services such as well-connected distribution channels to ensure quick delivery at the lowest cost possible.

Also, we offer excellent customer service and after-sales support through our dedicated marketing and sales department.

Outcomes

In the processes of delivering our commitments to all our stakeholders, the below impacts/outcomes are created.

Positive outcomes:

Stakeholders	Outcomes
Customers	- Providing excellent services to meet and exceed customers' expectations. - Monitoring changes in customer requirements, technologies and continuously improving customer experience by developing innovative solution that meet their specific needs, - Providing periodic statements to customers on paid and outstanding liabilities - Engaging with customers through consultative meetings to educate and advise them on cement and concrete applications; and - Maintaining high quality relationships with customers and stakeholders

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Outcomes (Continued)

Positive outcomes (Continued)

Stakeholders	Outcomes
Regulators	- Comply with all applicable legislation, directives and guidelines which are issued from time to time. - Payment of taxes, royalties, rates and fees to relevant government departments. - Participating in various meetings aimed at fostering growth and investment in the manufacturing sector as well as cement supply in the country and in the East African region.
Employees	- Transforming into an inclusive society through employment equity and gender equality. - The Group focuses on developing employees through training programs and skills upliftment to further their careers and improve products and services to customers. - Rewarding employees for the value they add. - Motivating and energizing the work force; and - Timely payments of employees' entitlements.
Shareholders	- Maintain communication with shareholders through timely public announcements on material developments in the business. - Making shareholders aware of the strategies being taken by management to improve performance and make profit.
Financiers	- During the year the Group maintained its good relationship with financial and non-financial lending institutions that provided loans and overdraft facilities. - The detailed information is under Note 28 of the notes to the consolidated and separate financial statements
Suppliers	- Fairness and transparency in tendering processes in accordance with the Tanzania Local Content Regulations and the Group's tendering procedures. - The use of ERP systems in processing purchase requisitions and purchase orders. - Monthly reconciliation of suppliers' accounts. - Honouring the payment terms agreed with suppliers.

Negative outcomes

Our operation is prone to both safety and environmental risks such as dust emission, noise pollution, wastewater run-off etc.

The group has put policies and procedures in place that govern the way we manage safety and environmental issues. The policies address the following objectives:

- We accept Occupational Health and Safety (OHS) as an integral part of our competitive advantage where all stakeholders understand the relationship between profitability and OHS.
- We commit to the prevention of injuries and ill health and the continual improvement of our performance and systems which provides a framework for setting and reviewing OHS objectives and targets.
- We will achieve the highest levels of health and safety through active and competent risk management and the establishment of sound workplace practices.
- We comply with all legislation and regulations where applicable.
- We commit to train, develop, provide experience and skills to ensure our workforce acknowledges, understands, and manages hazards and risks associated with their work.
- Our equipment shall be maintained to the highest standards and all changes to equipment or processes shall be subject to a risk-based change management approach.
- We openly engage and communicate with all interested and affected parties.
- We report all incidents, analyse root causes and employ best practices
- We shall review these policies regularly to ensure relevance and appropriateness

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Outcomes (Continued)

Negative outcomes (Continued)

On top of having policies, the Group is managing safety and environmental issues in the following ways:

Issue	Actions taken
Dust Emission	Timely replacement of filter bags in the process bag filter unit for rotary kiln no.2, coal mill no. 1 & 2, and cement mill no. 2.
Hygiene	- We have contracted highly qualified cleaners who are experienced in cleaning all types of premises from offices to production areas. - We provide hygiene awareness as well as conducting regular OHS inspections.
Noise Pollution	- Regular noise assessments, measuring noise levels, hearing protection for employees and the use of noise protection warning signs in all areas with high noise levels. - Frequent lubrication and better maintenance of all machinery. - Sound proofing, enclosing sources of noise and use of proper noise absorbents.
Safety	- Implementation of our OHS policy requirements. - Conducting Safety Health and Environmental (SHE) induction to employees, contractors, third party visitors at our manufacturing premises. - Effective use of baseline & pre-task risk assessment. - Implementation of the NOSA integrated SHE Management System. - Implementation of SHE Management System Standard Procedures. - The use of permits in all high-risk tasks/activities. - Effective implementation of energy isolation and lockout system. - Frequent SHE inspections by SHE representatives, SHE inspectors and management. - Top management ensures all SHE requirements are always adhered to. - Adequate supervision for all activities. - Proper incident management & investigations. - Employees' involvement & maintaining effective communication in all activities performed. - Ensuring all machinery are well guarded and in good working condition. - Daily SHE awareness to employees and contractors and weekly safety topics communication. - Conducting entry, interim periodic and exit medical examinations for all employees. - Always ensuring good housekeeping in all workplaces. - The use of personal protective equipment that are in good working condition. - Monthly and quarterly SHE meetings. - Proper contractor management. - Proper security system and access control. - Blood alcohol testing and monitoring system at all entry points to the premises.
Waste Disposal	- Hazardous waste such as oil filters and tube lights are disposed and incinerated in the kilns, - General waste is disposed at the landfill. - Other wastes like used oil and scrap metal are sold to registered vendors who are licensed by NEMC to collect such waste.
Sewage	The plant has a sewage system constructed to collect all sewage water generated from the plant and offices to a sewage treatment pond.
Wastewater	Wastewater is collected, treated and tested before it is discharged into the environment.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Outcomes (Continued)

Negative outcomes (Continued)

The Group consumes a lot of electrical and thermal energy which could have a negative impact to the environment. However, TCPLC has implemented the following energy saving initiatives and measures during the period under review.

- Energy Personnel – The Group has employed a word class professional energy management team constituted by the Head of Electrical & Automation, Electrical Superintendent, Plant Automation Superintendent, Power Plant Supervisor, Electrical Supervisor, Plant Automation Supervisor, Generator Operators, Electrical Technicians, Plant Automation Technicians, and Electricians.
- Lights - Replacement of normal lights with LED lights, fitted "switch off lights" signs in all offices, installed motion sensors to switch off lights automatically if nobody is present in the offices.
- Air Conditions are pre-set to common operating temperature of 23°C, fitted "switch off AC" signs in all offices, installed motion sensor to switch off air conditioners automatically if nobody is present in the offices.
- Plant lights – Ensures all lights at the manufacturing plant are powered by photocells.
- Restrict running of idle machines.
- Reduce consumption of compressed air by sealing all air leakages and implemented daily inspections of all compressed air systems.
- Use of Variable Speed Drives (VSD) to start electric motors which saves 25-30% of start-up power consumption in motors.
- Sealing of false air in process systems and ensure that kilns run without false air by monitoring false air indicators regularly.
- Installed electricity consumption and load monitoring meters in all factory units to which is controlled by the Manufacturing Management Integrated Systems (MMIS) which is outsourced software.
- Conduct regular staff awareness and training about the importance of saving energy and reduced use of other non-renewable resources.

18. BUSINESS OBJECTIVES AND STRATEGIES

The Group is proactively adapting its business strategies to the fluid geopolitical and macroeconomic market dynamics while remaining cognisant of the Group's core business and responsibility to all stakeholders.

The Group has been able to achieve the below strategic objectives as set out in its five-year financial plan:

- The Group's on-going cost optimisation and efficiency improvement programmes in production and operations are yielding positive results while retaining brand equity of superior quality performance cement.
- The expansion of the production capacity following the investment in the second integrated production line has positioned the Group to meet the anticipated increase in cement demand in Tanzania.
- The Group's agreement with Tanzania Railway Corporation (TRC) allows the Group access to more dedicated wagons as well as sole rental agreements of rail depots along the strategic distribution lines. This advantage reduces storage and freight costs while enhancing rail transport and distribution in Tanzania.
- Automation of the production process.
- Strategic workforce planning and use of Trade Development Representatives in the market.

The Group's stated objectives underpin the creation and preservation of shareholder value over the long-term.

19. TREASURY POLICIES AND OBJECTIVES

Overview

The Group's treasury policy defines the controls in place that are used to manage day-to-day risk. The controls include a mixture of preventative, detective, and corrective controls. The objective is to ensure treasury activities are undertaken in a controlled manner to minimise undue operational risk.

Key Risk Indicators (KRI) are defined in the Treasury Policy to measure the risk exposure, risk triggers, and risk appetite.

Objectives of the policy

- Compliance with relevant risk appetite
- Identification of new financial risks arising from operational activities
- Compliance with any regulatory requirements and any banking and loan covenants
- Availability of diverse funding and capital sources to support medium and long-term growth
- Sufficient liquidity and capital are set aside to protect against short-term stresses
- Excess funds (when available) are optimised for returns

Implementation of the policy

To comply with corporate governance, a performance management framework is often used to monitor the effectiveness of the Group's treasury policy.

The Board delegates authority and responsibility to the Audit Risk and Compliance Committee to monitor the effectiveness of the Group's treasury policy where the executives of the Group report relevant treasury related matters in the quarterly committee meetings.

The treasury related reports are reviewed and submitted by the Audit Risk and Compliance Committee to the Board on a quarterly basis for the Board's review and approval.

The major financing transactions undertaken up to the date of this report are:

- Interest bearing term loans – to finance the second integrated production line (Kiln 2)
- Bank overdrafts – to finance working capital requirements
- Lease financing – to finance the assets held under lease arrangements

The effect of financing costs on the results for the year

The effect of financing costs on the results for the year was a net charge of TZS 31.1 billion (2023: TZS 41.98 billion). This comprises of the net of interest expense, interest income and foreign exchange and fair value losses for the year as indicated in the consolidated and separate statements of profit or loss and other comprehensive income.

The Group's treasury and financial risk management policies and objectives including the potential impact of interest rate changes are detailed in Note 36 to the consolidated and separate financial statements.

20. COMPLIANCE WITH BORROWING AGREEMENT COVENANTS

After Heidelberg Materials took over ownership of Tanga Cement Group on November 27, 2023, the rights and obligations of the term loans were transferred from PIC SOC Limited to Heidelberg Materials AG. According to the memorandum of agreement concluded on December 17, 2021, between the old lender, the new lender, and the borrower, the new lender agreed to assume the old lender's commitments and all its rights and obligations under the facilities agreement. There were no changes to the terms and conditions of the loan. Thus, the Company is required to comply with specified financial covenants as indicated below:

	Financial Covenant Ratio	Calculated as at 31 December 2024	Covenant Target Level	Compliance (Yes/No)
1	Senior Debt Service Cover Ratio	0.03	>1.5	No
2	Total Debt Service Cover Ratio	0.03	>1.3	No
3	Debt to EBITDA	122	<5.0	No

As outlined in Section 16 - Capital Structure, on 27 November 2023, the loan's rights and obligations were transferred from Afrisam to Heidelberg Materials AG, inclusive of the existing standstill arrangement. Subsequently, on 24 May 2024, the Company entered into a Standstill and Amendment Agreement with Heidelberg Materials AG. Under this agreement, and for the duration of the Standstill Period initially effective until 30 August 2025 the lender and its agent are restricted from demanding principal or interest payments; initiating enforcement actions under the Finance Documents; terminating the Facility; modifying any available commitments or limits; or engaging in sub-participation arrangements that pass on or share the Facility's commercial benefit, except as permitted under specific provisions. On 3 July 2025, the Company secured an extension to the Standstill and Amendment Agreement, revising the expiry date from 30 August 2025 to 31 December 2026, with all original terms remaining in effect.

21. RESULTS AND DIVIDENDS

The net loss for the year of TZS 6,683,630,000 (2023: TZS 99,905,125,000) has been deducted from the retained earnings. The directors have not recommended the declaration of a dividend for the year. Likewise, no interim dividend was paid during the year.

22. FUTURE PROSPECTS/DEVELOPMENT

Although the East African market demand for cement products is expected to continue growing, new competitors entering the market are expected to continue putting pressure on sales prices and volumes in the near term. The construction and commissioning of a second integrated production line at the factory in Tanga in 2016 gave the Group sufficient manufacturing capacity to produce its full clinker requirements. Accordingly, the Group will continue to increase cement production at a lower cost per ton in response to growing market demand. Excess clinker produced will continue to be sold as a semi-finished product.

Projects to be continued or undertaken

- Logistic optimisation through rail and roads;
- More use of the Trade Development Representatives in the market;
- Increase equipment reliability through:
    - Investing more on the preventative maintenance.
    - Perform timely corrective maintenance.
    - Ensure availability of all critical spares in stores.
- Energy conservation to minimise production cost.

Capital expenditure plan

- To implement CAPEX budget for 2024 and monitor implementation of the CAPEX plan covered in the five-year financial plan.
- Deployment of technology by increasing automation and monitoring of the production equipment run at optimal efficiencies.

22. FUTURE PROSPECTS/DEVELOPMENT (CONTINUED)

Benefits expected on the prospects and new developments

- From logistics optimisation the Group expects to reduce the transport cost which will eventually benefit the consumers through better pricing.
- The use of Trade Development Representatives in the market will help the Group to get timely and relevant information which will be used for proactive decision making.
- Availability of spares and proper maintenance schedules are expected to increase the Overall Equipment Efficiencies which is one of the KPIs of the Group.
- Energy conservation aligns with the group environmental policy on preserving the environment.
- CAPEX projects are expected to increase company's productivity.
- With the prospects and dedication, the Group has on implementing the projects, the overall result will be sustainable increase in operational efficiencies, costs reduction and consequently increase profitability in the medium and long-term.

Factors that can affect the implementation of the Group's projects/ new developments in the future

- Cashflow challenge to implement all CAPEX projects per the CAPEX budget and financial plan.
- Regulatory challenges when implementing projects that have a direct impact on the environment like energy conservation which will need to be approved by various government ministries and authorities.
- Increase in the cost of production because of an increase in fuel prices which are used in production process.
- Scarcity of sufficient transport trucks because of the truck owners demanding higher transport rates.
- Availability of rail wagons and locomotives in optimising rail transportation as well as conditions of the rail tracks.
- Power fluctuations because of unreliable power supply from TANESCO due to drought that has reduced national water levels, especially in the Pangani river basin

Our response to the factors that can affect the implementation of the Group's projects/new developments

- Proper planning and management of cashflow.
- Work closely with the regulatory authorities in all projects to be implemented to get approvals and clearances beforehand.
- Sign long term contracts with selected strategic transporters and the Tanzania Railway Corporation to contain the cost and reliability of transportation.
- Continued cost management initiatives to ensure improved efficiencies in the production process.
- Secure alternative sources of spares and critical raw materials to ensure continuity and stability of supply.

23. STAKEHOLDERS RELATIONSHIP

The Group believes that the stakeholders are what make its existence. Several measures have been taken to institute a responsible behaviour to all stakeholders of the Group. These measures include, but are not limited to establishing stakeholders' alignment map, stakeholders' engagement plans through meetings, seminars, workshops and improving customer services throughout East African Market.

Before making its decisions, the Board considers the interests of all stakeholders and ensures that engagement with stakeholders is deliberate and planned and that communication is always transparent and effective.
Among others the Group has identified seven (7) categories of key stakeholders; the Government (Regulators), Employees, Shareholders, Financiers, Suppliers, Customers and Society.

23. STAKEHOLDERS RELATIONSHIP (CONTINUED)

Government (Regulators)

The Group complies with a wide range of legislations, directives and guidelines which are issued from time to time by the Government through its Ministries, entities and regulators like, Tanzania Revenue Authority, Mining Commission, Local Government Authorities in all areas we operate, Fair Competition, Dar es Salaam Stock Exchange, National Environmental Management Council and others.

Value we create

- Payment of taxes, royalties, rates and fees to relevant Government Departments.
- Participating in different meetings aiming at fostering the growth of manufacturing sector as well as cement supply in the country and in the East Africa region.

Employees

Employees are ones who handle operations from production, distribution and sale of manufactured products. They are therefore key to make the Group the best place to work. They should find working for Tanga Cement Plc an inspiring and a place for elevating personal experience and consequently accept co-responsibility for the development of each employee to the full potential. Together with efficient and value-creating solutions, services and operations offer value to our customers. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Group.

(a) Key concerns
Employees wants friendly, safe and conducive working environment, defined career progression, better salary and benefits, motivation and recognition, opportunities to contribute to the society.

Source: Employees culture survey conducted by the Group.

(b) Value we create

- Transforming into an inclusive society trough employment equity and gender equality;
- The Group focuses on developing employees through training programs and skills upgrading to further their career and improve services rendered to customers;
- Rewarding employees for the value they add;
- Motivating and energizing the work force; and
- Timely payments of employees' entitlements.

Shareholders

The group understands its responsibilities towards all who have injected capital. Among others the group does have Annual General Meeting with its shareholders as well as maintaining communication to its shareholders through publications that are being done in accordance with the listing rules and other laws of the country.

(a) Key concerns
Shareholders are concerned about the post-acquisition value of the group and the ability of the group to generate sustainable returns.

Source: Various meetings held by the parent company's (majority shareholder) representatives.

(b) Value we create
Maintain communication with shareholders including giving out clarification on the reasons for the dividends not being declared and paid. And making the shareholders aware of the strategies being taken by the Management to improve performance and make profit.

23. STAKEHOLDERS RELATIONSHIP (CONTINUED)

Financiers

During the year the group had relationship with financial and non-financial institutions that provided loan and overdraft facilities. The detailed information is under Note 28 of the Notes to the consolidated and separate financial statements.

Suppliers

Are stakeholders who provides goods and services to the Corporation are closely monitored to ensure they deliver required or ordered goods and services.

(a) Key Concerns
- Transparent and fair procurement process of goods and services;
- Receiving feedback on delivered goods and rendered services; and
- Timely settlement of suppliers' invoices.

Source: Various meetings held with suppliers and email correspondences.

(b) Value we create
- Fairness in tendering processes in accordance with the Tanzania Local Content Regulations and Group's tendering procedures.
- The use of ERP in processing purchase requisitions and purchase orders.
- Monthly reconciliation of suppliers' accounts.
- Sticking to the payment terms entered with suppliers which is 30 days from the date of the invoice.

Customers
The Group aims at meeting customers' needs with innovative solutions and superior experience is critical to maintaining high-quality relationship with our customers.

(a) Key Concerns
Timely delivery of cement and after sales service especially on the quality of cement after bricks making or construction strength.
Source: Customers' survey and complaint forms and meetings.

(b) Value we create
- Providing excellent services to meet and exceed customers' expectations.
- Monitoring changes in customer requirements, technologies and continuously improving customer experience by developing innovative solution that meet their specific needs;
- Providing periodic customers' statements on settled and outstanding liabilities; and
- Engaging customers through consultative meetings for education and advisory matters.

Society
This is the communities in all the areas we operate in, be it in the production plant or areas we sell our products in. The Group aims to meet societal needs with innovative solutions to attain sustainable socio-economic development.

(a) Key Concerns
Access to our corporate social investment projects as well as getting access to employment opportunities with or for the Group. This has been determined during periodic meetings with the local government authorities while doing our corporate social investment planning for the budget year ahead in accordance with the Mining Act.

23. STAKEHOLDERS RELATIONSHIP (CONTINUED)

Society (Continued)

(b) Value we create
- Agreeing on key areas of corporate social investment with local communities through the local government authorities where we can contribute.

Implementing the corporate social investment as per the annual budget and plan.

24. RESOURCES

Apart from those items that are reflected in the consolidated and separate statements of financial position, the Group has key strengths and resources, both tangible and intangible, which support the pursuit of the Group's objectives. These resources are summarised below:

Type	Name of the resource	Activities undertaken by the Group to create and sustain value	Effects on the Group's activities	Factors affecting availability, quality, and affordability of the resource	Our response
Natural resources	• Limestone • Red soil • Gypsum • Pozzolana	• Mining of the natural resources. Hauling the mined materials to the plant. • Crushing and milling the materials. • Feed milled material into the production process for the production of clinker and cement. • Preparing and implementing the mining plans for the sustainability of supply. • Doing site rehabilitation and conserving the environment.	• Proper mining activities per the mine plan. • Increase productivity. • Environmental protection as a result of the consciousness towards environment.	• Mineral occurrences which make it difficult to get consistent quality. • Concerns about environmental protection. • Depletion of the minerals as non-renewable resources.	• Developing sustainable mining plans using geologists and mining engineers. • Developing and abiding to our environmental policies and procedures on the preservation of natural resources. • Mining development activities based on the quality of occurrences of the minerals.

24. RESOURCES (CONTINUED)

Type	Name of the resource	Activities undertaken by the group to create and sustain value	Effects on the Group's activities	Factors affecting availability, quality, and affordability of the resource	Our response
Energy resource	• Coal •Electricity • Fuel (Diesel and Kerosene)	• Focus on efficiency of the energy consumption. • Proper handling of coal and fuels to avoid environmental pollution and accidents when transported, stored and consumed. • Safety measures against the use of electrical energy to mitigate risk of accidents.	• Efficiency use of energy sources in production process. • Safety record with no accident/ incidents caused by the handling of energy sources.	• Non-renewability of the energy resources. • Safety measures in managing the sources. • Distance from the only source of coal which is in Songea adding extensive cost through the transportation by road. • Power fluctuations as a result of the ongoing drought which lowered the national water levels. • Global fuel price increases.	• Developing and adhering to our environmental policies and procedures on the natural resources protection. • Signing long-term contracts with strategic transporters and coal suppliers to contain the increase in cost associated with supplying coal. • Strong focus on energy efficiency across our production processes.

24. RESOURCES (CONTINUED)

Type	Name of the resource	Activities undertaken by the group to create and sustain value	Effects on the Group's activities	Factors affecting availability, quality, and affordability of the resource	Our response
Financial resources	• Equity that shrunk from TZS 17b in 2023 to TZS (9) b in 2024. • Available overdraft facilities of USD 10m from Standard Chartered Bank, • Loan from Heidelberg Materials AG of USD 60 million HMAG term loan A and USD 52 million HMAG term loan B	• Financing the working capital of the Group. • Financing the capital expenditure of the Group	• Sustainable and sooth running of all operations. • Settlement of outstanding balances on time.	• Interest rates associated with the debt facilities. • Market dynamics which shifted the cement sales business to credit sales and not cash sales.	• Negotiations with the lenders on the terms and interest rates charged on borrowing facilities. • Enforcing stringent credit control procedures with customers.
Human resources	• 213 employees. • 5 Key management personnel with sufficient experience and competence. • Competent and experienced board of directors. • Contractors working for the Group.	• Training and development programs. • Competitive salary packages. • Taking care of employees' safety and wellbeing. • Employee engagement activities.	• Employees' improved morale. • Improvement in employees' productivity. • Lower employee turnover ratio. • Improved skills of employees. • Good health and safety record. • Committed and skilled personnel	• Location of the manufacturing plant is not optimal for most of the working population. • Sufficient experience especially on getting experienced engineers in the cement industry. • Turnover of some employees especially from finance department to work in preferred locations.	• Invest in employees' skills development through training and coaching sessions. • Offering attractive remuneration packages and facilitate amenities which will motivate employees to work in Tanga.

24. RESOURCES (CONTINUED)

Type	Name of the resource	Activities undertaken by the group to create and sustain value	Effects on the Group's activities	Factors affecting availability, quality, and affordability of the resource	Our response
Intellectual resources	• Equipment control software. • Mining licenses. • Standard operating procedures.	• Automation of the equipment control and monitoring. • Mining activities of raw materials from the mining licenses held. • Efficiency and effectiveness in running operations using operating policies and procedures.	• Cost saving through automation of the equipment control and monitoring. • Reliability of supply of key raw materials from our mines. • Standardisation in our operational processes	• Challenges with plant automation software and control equipment. • Environmental conservation concerns. • Ever-changing business and digital environment which may render some of the policies outdated.	• Have experienced engineers to do trouble shooting when there are production challenges. • Developing and abiding to our environmental policies and procedures on protection of natural resources. • Continuous review and update of all policies and procedures.

25. STRENGTHS AND OPPORTUNITIES

In addition to the resources identified above the Group capitalises on the following strengths and opportunities:

Strategic location

The Group's manufacturing operation is located where there is an abundant source of proven high-quality limestone and red soil reserves which ensures stability of long-term supply of these critical raw materials.

Access to key cement and clinker transport systems

The company has access from the plant to both the main roads and railway transportation network as well as to the Tanga seaport.

Brand

The Simba Cement brand is very strong and preferred by customers and consumers in the market.

Quality of clinker and cement produced

Feedback received from customers and construction companies for strategic government infrastructure projects, supported by independent laboratory test results, the quality of Simba Cement for both cement and clinker are commendable.

25. STRENGTHS AND OPPORTUNITIES (CONTINUED)

Corporate governance principles

The Group has a sound system of corporate governance which is being adhered to from those charged with governance to all employees, contractors and consultants who interact with the Group.

Quality relationship with key stakeholders

Our relationship with employees boosts their morale and productivity. We engage in regular constructive and ethical engagements with regulatory authorities and with government We have fostered a mutual trust relationship with suppliers and lenders in accordance with the agreements in place, as well as employing a customer centric focus. All these relationships have been a beneficial and constructive for all stakeholders.

26. LIQUIDITY

The Group's liquidity position showed a notable improvement during the financial year ended 2024, the Group managed its liquidity level to ensure there are sufficient funds to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. This was achieved through prudent liquidity management which includes maintaining sufficient cash and cash equivalents and striving to ensure that receivables are settled within credit period of 30 days.

The Group's current ratio which measures the ability of current assets to meet short term obligations (current liabilities) increased to 0.32 times (2023: 0.26 times), reflecting a stronger ability to meet short-term obligations over the current period. Moreover, the acid (quick) test ratio which also measures the ability of current assets without inventories to meet short-term obligations (current liabilities) was 0.11 times (2023: 0.12 times), indicating consistent liquidity when excluding inventories. Despite this progress, the Group continued to experience a liquidity gap with current liabilities exceeding current assets by TZS 260.8 billion. This represents a reduction from the TZS 263.1 billion gap reported in the prior year, highlighting ongoing efforts to strengthen short-term financial resilience.

Level of borrowing

	Group		Company	
	2024	**2023**	**2024**	**2023**
	TZS' 000'	**TZS' 000'**	**TZS' 000'**	**TZS' 000'**
Lease liabilities	299,630	279,942	299,630	279,942
Interest bearing borrowings	293,327,737	233,408,082	293,327,737	233,408,082
Bank overdrafts	12,914,368	38,755,979	12,914,368	38,755,979
	306,541,735	**272,444,003**	**306,541,735**	**272,444,003**

The maturity profile and undrawn committed borrowing

The information regarding the maturity profile and undrawn committed borrowing are discussed in Note 28 to the consolidated and separate financial statements.

29. ACCOUNTING POLICIES

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group's accounting policies, which are laid out in Note 2 to the consolidated and separate financial statements are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards.

30. ACQUISITIONS AND DISPOSALS

The Group did not make any material acquisitions or disposals of investments during the current year. The Group, however, was acquired by Heidelberg Materials AG through SCANCEM International DA, which purchased 68.3% of the shares from Afrisam Mauritius, making it the majority shareholder of the TCPLC group.

Information on the acquisition and disposal of property, plant, and equipment is presented in Note 16 to the consolidated and separate financials statements.

31. INVESTMENT IN SUBSIDIARY

The Company owns 100% of the issued share capital of Cement Distributors (EA) Limited (the "subsidiary"). In 2015, the directors made a strategic decision to restructure the operations of the Group whereby the Company started selling directly to most of the subsidiaries customers rather than distributing through the subsidiary. The subsidiary ceased cement selling and distribution activities after transferring all customers' relationships to the Company. In line with this strategy, in 2022 the subsidiary ceased operations in Burundi and Rwanda, resulting in operations remaining solely in Tanzania. The subsidiary's continued existence will be financially supported by revenue from leasing its investment properties and service revenue from providing strategic support services to the Company.

In 2024 there was no impairment (2023: TZS 131.57 million) of the investment in the subsidiary. Further information is presented in Note 19 to the consolidated and separate financial statements.

32. WELFARE OF EMPLOYEES

Relationship between management and employees

Tanga Cement PLC maintains formal process to inform and consult employees and their representatives regularly to discuss issues relating to employees. We recognize collective bargaining with employees. We believe management and employees relationship is satisfactory in all respects.

The Group is an equal opportunity employer. Consistent with our Code of Business Principles, the company aims to ensure that applications for employment from everyone are given fair and full consideration and all employees are equally given access to training, development and career opportunities.

Training facilities

The Group encourages and values all employees to improve their knowledge, skills, and qualifications. The Group believes that skilled, competent, and high performing employees will enable the business to achieve its performance objectives.

32. WELFARE OF EMPLOYEES (CONTINUED)

Training facilities (Continued)

To identify training and development needs for individuals and teams, the Group has promoted the establishment of a comprehensive training and development program which is aligned to the achievement of our business objectives. The Group recognises training and development of employees as a joint responsibility shared by individual employees, line managers and the Group.

The Group continues to unlock growth of people and organization by facilitating inductions, classroom training, on the job training, e-learning, coaching and mentoring as well selected executive education courses.

During the year, average training days per employee was 3 (2023: 2 days). Programs have been, and continue to be, developed to ensure that employees are adequately trained at all levels.

Medical scheme

All employees with up to four dependants each are covered under the Group's medical insurance scheme. Currently these services are provided by Strategis Insurance (Tanzania) Limited.

Health and safety

The Group has a world class risk, health and safety department which ensures that a culture of safety prevails at all times. All employees and contractors are provided with appropriate personal protective equipment, all of which meet the requirements of the Occupational Health and Safety Act, 2003 and other legislation concerning industrial safety. The Company received a five-star National Occupational Safety Association (NOSA) safety rating in 2021 and in 2023 the company was awarded with NOSA regional Award certificate for scoring the highest safety rating in regional sector D.

Financial assistance to staff

The Group encourages staff to join the Tanga Cement Savings and Credit Co-operative Society (SACCOS) and provides reference for the staff who want to borrow money from the Commercial Banks. Additionally, we empowered employees to take control of their finances by offering financial wellness education and counselling ultimately leading to a reduction in stress; improved overall well-being; more productivity and engaged workforce.

Persons with disabilities

It remains the Group's policy to accept disabled persons for employment for those vacancies that they are able to fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the Group and all necessary assistance is provided with initial training. Where an employee becomes disabled during the course of his or her employment, the Group will seek to provide suitable alternative employment and any necessary training.

Employees' long term incentive scheme

This scheme replaced the previous employee share trust scheme starting in October 2017. The Board is responsible for the operation and administration of the scheme. The scheme will last for seven years. The employees can start to exercise one third of the allocation after three years' subject to the appreciation of the units. Only permanent employees are eligible to participate in the scheme. The units are allocated according to the salary grade of the employee. No upfront payments, loan advances or dividend payments for repayment of the units are provided for in the scheme.

32. WELFARE OF EMPLOYEES (CONTINUED)

Employees' benefit plans

All employees are members of National Social Security Fund (NSSF). The Group contributes 10% of the gross salary of each employee. NSSF is a defined contribution plan.

The Group's employment terms are regularly reviewed to ensure that they continue to meet statutory requirements and prevailing market conditions. The Group communicates with its employees through regular management and staff meetings and through circulars. The Group has continued to maintain a favourable working environment in terms of factory, offices, canteen, medical facilities and transport.

Employees' performance management and development

The Group has in place employees' performance management and development system which aims at strengthening the calibre of its employees to improve business performance. The system is being used to evaluate employees' performance against set and agreed objectives. The system forms the basis for providing employees with performance feedback, recognition, development, and a corrective action plan to promote effective performance.

The performance management system is an integrated process with full participation of managers and staff in both setting and reviewing of performance objectives. The review is done annually where the line manager and the subordinate meet to review the performance for the period with formal feedback. The performance assessment results form a valuable component of employees' reward. However regular informal feedback to employees is encouraged.

Employees' selection and recruitment

Recruiting and selecting the best people is of paramount importance to the continued success of the Group to meet its operational demands and support future business success.

The Group has a recruitment and selection procedure which sets out the requirements that need to be considered when recruiting job candidates, ensuring that the best people with suitable skills, knowledge and attitude are recruited into the organisation as far as possible and that the recruitment process is free of bias and complies to all applicable laws of the United Republic of Tanzania.

The Group has a strict anti-nepotism policy.

Annual leave

The Group recognises the value of employees taking annual leave to renew their vitality and to balance work and family life.

The company expects compliance with all legislative and procedural requirements of leave from both employees and management for orderly and fair application of the procedure.

The Group has a policy in place which entitles all permanent and fixed term contract employees 30 calendar days leave per 12 months cycle of which at least 14 days must be taken as an unbroken period.

32. WELFARE OF EMPLOYEES (CONTINUED)

Grievance handling

The Group has a policy in place which is intended to ensure that it acts reasonably fair and consistently in the case of an aggrieved employee. To employees, this policy provides the framework and mechanisms to discuss and possibly resolve a problem, complaint or grievance they may have.

Management ensures prompt handling of grievances by providing a fair opportunity to all parties to discuss any potentially disruptive issues and find a resolution as close to the source or origin as possible.

Wellness

The Group has a policy in place which ensures uniform and fair framework for addressing HIV and AIDS as well as growing threat of Non-Communicable Diseases (NCDs) at the workplace and comprehensive management of employees living with HIV and AIDS and their co-workers.

The policy is based on the fundamental principles of human rights and patients' rights, International Labour Organisation principles as contained in the code of practice on HIV and AIDS and the workplace, the Tanzania National AIDS policy (2013), medical and occupational health ethical principles, prudent business practice and human and compassionate attitude towards individuals.

The Group also has a gym facility where employees are encouraged to go for physical exercises.

Maternity and Paternity

The Group has a policy which outlines the benefits and obligation relating to maternity to ensure consistency of implementation in line with the relevant legislation and the Group's commitment to good employment practice.

33. TALENT MANAGEMENT AND SUCCESSION PLANNING

Recruiting, selecting, and retaining the best people is of paramount importance to the continued success of the Group to meet its operational demands and support future business success. The Group has a policy in place which governs the techniques and acquisition and management of the best talents for the prosperity of the operations.

It is the responsibility of the Board to ensure that the Group has developed a succession plan for the executive directors and senior management as well as receiving and considering the report from the Remuneration and Nomination Committee on the review of the Board composition, structure, and succession. The succession planning is prepared by the respective departmental managers.

34. GENDER PARITY AND DIVERSITY

The Group is an equal opportunity employer. It provides equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties. The Company/Group had 213 (2023: 231) employees, of which 16 were female and 195 were male (2023: 23 were female and 208 were male).

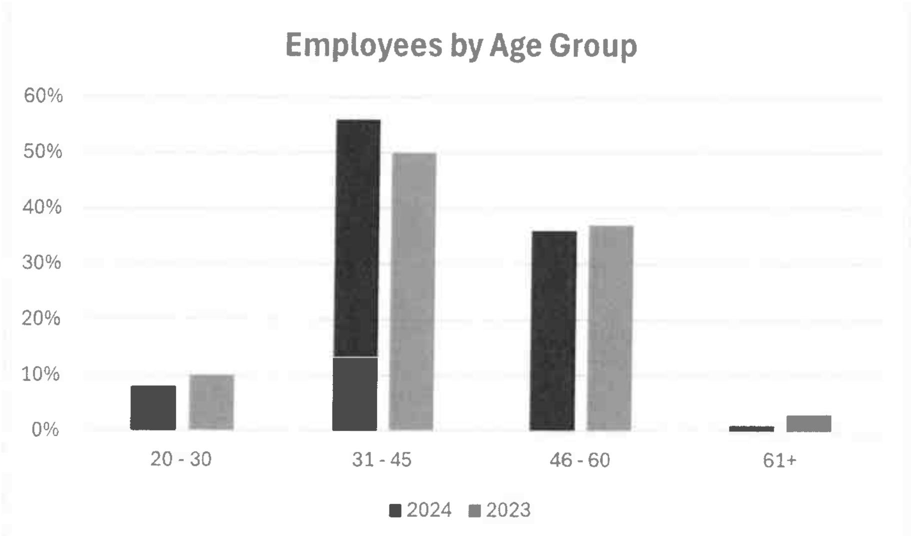
34. GENDER PARITY AND DIVERSITY (CONTINUED)

The tables below show the percentage composition in terms of gender, nationality and age.

Gender	2024		2023	
	Female	Male	Female	Male
Senior management	25%	75%	20%	80%
Management	7%	93%	9%	91%
All employees	8%	92%	10%	90%

Locals Engagement	2024		2023	
	Local	Expatriate	Local	Expatriate
Senior management	75%	25%	50%	50%
Management	91%	9%	82%	18%
All employees	99%	1%	94%	6%

We promote ageism to leverage diverse knowledge, skills and experience that a multi-generational workforce can offer to both the employee, and the company. The average age of Tanga Cement employees is 41 years (2023:43 years) and the total workforce agemix is healthy.



We maintained the position of having 1% of employees with disability. It remains the Group's policy to accept disabled persons for employment for those vacancies that they can fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the Group and all necessary assistance is provided with initial training. Where an employee becomes disabled during employment, the Group will seek to provide suitable alternative employment and any necessary training.

35. POLITICAL DONATIONS

The Group did not make donations to any political parties or causes during the year.

36. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group remains conscious of Environmental, Social and Governance issues and has identified better ways of measuring what the group has been doing.

The Group has a formal environment management programme, accredited with the ISO 14001 environmental quality management system in 2004.

One of the company's values is Planet. With this value the Company demonstrates how we are responsible to the community and environment for the benefit of future generations. We accept environmental matters as an integral part of our competitive advantage where all employees and other stakeholders understand the relationship between profitability and our planet.

Tanga Cement PLC is certified by the Ministry of State, Vice President's Office Union, and Environment under Section 92(1) of the Environmental Management Act No. 20 of 2004 after having conducted an Environmental Impact Assessment. The Company complies with all regulations for environmental protection and conservation.

The ISO 14001:2015 surveillance audit was conducted in February 2022 by SGS Tanzania. The audit was successful with a recommendation to continue with our practices which supports the certification achieved. The ISO 14001:2015 re-certification audit was conducted in March 2024 by SGS Tanzania, the auditors recommended the Company to continue with ISO certificate which is valid for three years.

Tanga Cement Plc advanced its environmental conservation efforts through afforestation initiatives, by growing 13,000 trees in our nursery comprises of teak, mango, lemon and avocado species. A total of 10,000 teak trees were planted in the Tanga Cement Plc Pongwe area as part of progressive land revegetation programs, restoring previously cleared terrain. A total of 2,141 trees were donated to the Tanga City Council and local institutions, fostering community partnerships and promoting sustainable afforestation. These initiatives align with the company's broader strategy to enhance biodiversity, combat climate change, and contribute to Tanzania's green economy goals.

Our Environmental Management System has continuously ensured the protection of the environment. We have always been proactive towards environmental impact consequences from our operations, with only dust emissions recorded below the TBS limit of $50mg/Nm^3$.

Tanga Cement Plc conducted Environmental monitoring, audits and inspections in the year 2024 and met the required environmental standards. The company also continued to ensure that stakeholders including employees and contractors play a vital role in reducing environmental impacts from its operations.

The corporate social investment done by the group during the year and in 2023 are detailed point 38 below.

37. QUALITY MANAGEMENT

The Group has a formal quality assurance management programme, accredited with the ISO 9001 quality assurance management system in 2008.

The Group's quality policy requires us to consistently provide products and services in line with the requirements of our customers. This quality policy guide behaviour that aims to develop, implement, and maintain a culture of customer satisfaction. To achieve this, the following policy objectives have been defined:

- Management will provide employees with adequate resources to achieve their agreed objectives.

37. QUALITY MANAGEMENT (CONTINUED)

- Compliance with the requirements of the ISO 9001 quality management system standard and the product requirements of the TZS727:2002 and EAS 18-1:2001 standards.
- Identify customer requirements, plan and implement their realisation, and measure our success in achieving them.
- Set specific quality objectives appropriate to the activities of our business units. Measure the progress and review the achievement thereof.
- Audit and continually improve the effectiveness of the documented quality management system.
- Increase quality awareness throughout the organisation by using the company communication systems
- Striving for excellence by communicating the quality policy to all stakeholders.
- Agree on key performance indicators for all employees, which are directed towards quality performance, personal growth, and business goals.
- Share achievement of business performance with employees, shareholders, and customers.
- Employees will assist management in the execution of this policy by reporting non-conformities that have an impact on the quality of products and services.

38. CORPORATE SOCIAL INVESTMENT

During the year, the Group continued to support the Tanzanian society through its corporate social investment programmes. The areas that have been supported are community development, education, health and the environment. During the year, the Group contributed TZS 49 million (2023: TZS 93 million) towards various corporate social investment initiatives.

Breakdown of the projects and amount the Group supported

Year	2024	2023
	TZS'000'	TZS'000'
Education projects	-	21,910
Sports and other social projects	49,030	71,436
Total	**49,030**	**93,346**

How the projects are being determined and undertaken

In executing the Corporate Social Investment projects the Group partners with respective local government authorities and responsible organs of state to determine areas of support required and remaining compliant with the requirement of the Mining Act 2010 with regards to the execution of the CSI projects.

39. SECRETARY TO THE BOARD

The appointment of the Company Secretary is made on the recommendation of the MD and must be approved by the Board.

The Secretary to the Board is responsible for advising the Board on legal and corporate governance matters and, in conjunction with the Chairman, for ensuring the efficient flow of information between the Board, its committees and management. All members of the Board and management have access to his legal advice and services.

40. COMPLIANCE WITH LAWS AND REGULATIONS

During the year, there were no serious judicial matters to report as required by the Tanzania Financial Reporting Standard No. 1 (Report by those charged with Governance).

41. STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 "TFRS 1" (The Report by those charged with governance).

41. STATEMENT OF COMPLIANCE (Continued)

TFRS 1 is effective from 1 January 2021 following the approval of the Governing Board of the National Board of Accountants and Auditors ("NBAA") of the issuance of the revised version during its 182nd meeting held on 22 June 2020.

42. RELATED PARTY TRANSACTIONS

A related party is a person or entity that is related to the Group and a related party transaction is a transfer of resources, services, or obligations between the Group and its related parties.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions with non-related third parties.

The related party transactions and balances are disclosed in Note 33 to the consolidated and separate financial statements. The directors' emoluments have also been disclosed in Note 33 to the consolidated and separate financial statements.

43. SERIOUS PREJUDICIAL MATTERS

In the opinion of the directors, there are no serious unfavourable legal matters that can affect the Group or Company (2023: Nil).

44. EVENTS AFTER REPORTING PERIOD

Information on events after the reporting period are provided in Note 42 to the consolidated and separate financial statements.

45. AUDITOR

Details

The information of the Group's auditors for the period covered by the report is:

PwC Tanzania
369 Toure Drive
Pemba House
Oysterbay
P.O. Box 45, Dar es Salaam, Tanzania
Tel: +255 22 219 2000 | Fax: +255 22 219 2200
Website: https://www.pwc.co.tz
Firms' registration Number: 117633
TIN number: 100-212-285

The engagement partner who was in charge of the audit of the Group during the period has PF Number: 047

Appointment process

The process of appointing the Group's External Auditor is done in accordance with S.170 and 174 of the Companies Act, 2002 and in accordance with the Group's Board Charter.

PricewaterhouseCoopers served as an External Auditor in 2024 following the appointment that was done during the Tanga Cement Plc's Annual General Meeting in 2023.

46. RESPONSIBILITY OF THE AUDITOR

The Auditor is responsible with providing assurance of the correctness and consistency of all information contained in the report by those charged with governance with those provided in the financial statements.

47. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the responsibility of the those charged with governance to prepare financial statements of the Group which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those charged with governance approved the audited financial statements and covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

Approved by the Board of Directors on 23 July 2025 and signed on its behalf by:

Name: Hakan Gurdal	**Title: Chairman**	**Signature:**
Name: Raymond Mbilinyi	**Title: Director**	**Signature:**

TANGA CEMENT PUBLIC LIMITED COMPANY

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVAL
FOR THE YEAR ENDED 31 DECEMBER 2024

For each financial year, the Companies Act, 2002 of Tanzania, requires the directors to prepare consolidated and separate financial statements that present fairly, the state of financial affairs of the Group and the Company as at the end of the financial year and of the financial results for that year. It also requires the directors to ensure that the Group and the Company keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and the Company. The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Companies Act, 2002 of Tanzania. The directors accept responsibility for the preparation and fair presentation of consolidated and separate financial statements that are free from material misstatement whether due to fraud or error.

The directors are of the opinion that the consolidated and separate financial statements present fairly the state of the financial affairs of the Group and the Company and of the consolidated and separate profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control.

The Company's directors have made an assessment of the Group's and the Company's ability to continue as going concern and are satisfied that the Group and the Company have access to sufficient resources necessary to continue in business for the foreseeable future. The Group and the Company are solvent, have positive net cash flows from operations and approved undrawn working capital facilities. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as going concern. The directors remain positive about the foreseeable future despite the very competitive landscape. The consolidated and separate financial statements have been prepared on a going concern basis, underpinned by forecast performance and formal support from the ultimate holding company, Heidelberg Materials AG. Through a letter dated 27 June 2025, Heidelberg confirms its intention not to demand immediate repayment of accrued interest or principal on the outstanding term loan and undertakes to provide financial support to enable Tanga Cement PLC to meet its obligations as they fall due for a period of at least 18 months from the date of the letter. This commitment is further reinforced by an amendment signed on 3 July 2025, which extends the termination date of the existing Standstill Agreement from 30 August 2025 to 31 December 2026, with all original terms remaining in force. Accordingly, repayment of the loan will not be accelerated prior to 31 December 2026, and compliance with financial covenants remains waived until further notice.

Signed on behalf of Those charged with governance by:

Name: Hakan Gurdal **Title: Chairman** **Signature:** ____________

Name: Raymond Mbilinyi **Title: Director** **Signature:** ____________

Date: 23 July 2025

TANGA CEMENT PUBLIC LIMITED COMPANY

DECLARATION BY THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2024

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires consolidated and separate financial statements to be accompanied with a statement of declaration issued by the Head of Finance responsible for the preparation of the consolidated and separate financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing the consolidated and separate financial statements of the Group and the Company showing a true and fair view position of the Group and the Company in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2002 of Tanzania. Full legal responsibility for the consolidated and separate financial statements rests with the Board of Directors as indicated in the Statement of Directors' Responsibilities and Approval on the previous page.

I, Tumaini Ishemo, being the Head of Finance of Tanga Cement Public Limited Company hereby acknowledge my responsibility of ensuring that the consolidated and separate financial statements for the year ended 31 December 2024 have been prepared in compliance with IFRS Accounting Standards and the requirements of the Companies Act, 2002 of Tanzania.

I thus confirm that the consolidated and separate financial statements give a true and fair view position of Tanga Cement Public Limited Company as on that date and that they have been prepared based on properly maintained financial records.

Signature: Ishemo

Name: **Tumaini Ishemo**

Position: **Finance Manager**

NBAA Membership no: ACPA 2733

Date: 23 July 2025

Independent Auditor's Report

To the Shareholders of Tanga Cement Public Limited Company

Report on the audit of the Group and Company financial statements

Our opinion

In our opinion, the Group and Company financial statements give a true and fair view of the Group and Company financial position of Tanga Cement Public Limited Company (TCPLC) (the Company) and its subsidiary Cement Distributors (EA) Limited (together "the Group") as at 31 December 2024, and of its Group and Company cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

The Group and Company financial statements set out on pages 68 to 149 comprise:

- the Group and Company statement of financial position as at 31 December 2024;
- the Group and Company statement of comprehensive income for the year then ended;
- the Group and Company statement of changes in equity for the year then ended;
- the Group and Company statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Group and Company financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in the United Republic of Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Company financial statements of the current period. These matters were addressed in the context of our audit of the Group and Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

To the Shareholders of Tanga Cement Public Limited Company

Report on the audit of the Group and Company financial statements (continued)

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
Unresolved tax matters and contingent liabilities Tax positions were significant to our audit because the assessment process involves judgment in the interpretation and application of tax laws and in assessing tax liabilities and contingencies that could arise from tax audits. The Company has significant unresolved tax matters with the Tanzania Revenue Authority (TRA) whose outcomes are dependent on future events. The total amount of tax assessed is TZS 37 billion of which TZS 8.76 billion has been provided for on the financial statements. With the assistance of internal and external experts, the directors exercise significant judgement in assessing the possible outcomes of the unresolved matters for financial reporting purposes at the year-end. The actual future outcomes of these matters could be materially different from the directors' judgement at the year-end. Further information is provided in Note 3, Note 29(b) and Note 37.	We tested management's process for identification and evaluation of tax exposures from TRA assessments. We examined a list of open tax matters and tax assessments by TRA as at 31 December 2024. We tested the completeness of the list by examining the minutes of the board meetings and legal correspondences between the company and its lawyers. We examined the correspondence between Management and the Tanzania Revenue Authority. We obtained and assessed advice from management expert that was applied by management to assess the level of provisioning required and the tax objections filed thereon. We reviewed the provisions for tax exposures based on management's assessment and the advice provided by the company's tax advisor. We have evaluated the reasonableness of the management judgement and assessed the adequacy of the disclosures made in the financial statements in relation to contingent liabilities and significant judgments applied by directors.

Other information

Those charged with governance are responsible for the other information. The other information comprises Corporate information, The Report by Those Charged With Governance, Statement of Directors' responsibilities and Declaration of the Head of Finance (but does not include the Group and Company financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and other information that will be included in the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the Group and Company financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Group and Company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Report on the audit of the Group and Company financial statements (continued)

Responsibilities of those charged with governance for the Group and Company financial statements

Those charged with governance are responsible for the preparation of the Group and Company financial statements that give a true and fair view in accordance with the IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as those charged with governance determines is necessary to enable the preparation of Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company financial statements, those charged with governance are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intends to liquidate the Group and/or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group and Company financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group and Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

Report on the audit of the Group and Company financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the Group and Company financial statements, including the disclosures, and whether the Group and Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group and Company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

To the Shareholders of Tanga Cement Public Limited Company

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Group's and company's members as a body in accordance with the Companies Act, No. 12 of 2002, and for no other purposes.

As required by the Companies Act, No. 12 of 2002 we are also required to report to you if, in our opinion, The Report by Those Charged with Governance is not consistent with the financial statements, if the Group has not kept proper accounting records, if the Group and Company financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding those charged with governance's remuneration and transactions with the Group and Company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

Cletus Kiyuga, ACPA-PP 1981

For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam
Date 23 July 2025

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Group 2024 TZS' 000'	Group 2023 TZS' 000' Restated	Company 2024 TZS' 000'	Company 2023 TZS' 000' Restated
Revenue from contracts with customers	5	230,846,220	215,101,805	230,846,220	215,101,805
Cost of sales	6	(177,268,920)	(237,925,534)	(177,261,317)	(237,924,328)
Gross profit/(loss)		**53,577,300**	**(22,823,729)**	**53,584,903**	**(22,822,523)**
Other income	7(a)	533,226	211,439	86,447	86,457
Other expenses	7(b)	(138,517)	(1,374,655)	(138,517)	(982,382)
Selling expenses	8	(2,329,900)	(4,346,279)	(2,329,900)	(4,346,279)
Administration expenses	9	(21,359,173)	(27,187,554)	(20,990,478)	(27,001,325)
Increase in expected credit losses	10	(994,953)	(929,397)	(796,209)	(969,824)
Operating profit/(loss)		**29,287,983**	**(56,450,175)**	**29,416,246**	**(56,035,876)**
Interest expense	11	(33,515,513)	(23,523,663)	(33,515,513)	(23,523,663)
Finance income	12	102,136	2,585,419	102,136	2,585,419
Finance cost- Net		**(33,413,377)**	**(20,938,244)**	**(33,413,377)**	**(20,938,244)**
Foreign exchange and fair value gain/(loss)	13	2,302,945	(21,050,467)	2,313,501	(21,060,984)
Loss before tax		**(1,822,449)**	**(98,438,886)**	**(1,683,630)**	**(98,035,104)**
Income tax charge	14(a)	(4,861,181)	(1,466,239)	(4,861,181)	(1,466,239)
Loss for the year		**(6,683,630)**	**(99,905,125)**	**(6,544,811)**	**(99,501,343)**
Other comprehensive income					
Total comprehensive loss for the year:		(6,683,630)	(99,905,125)	(6,544,811)	(99,501,343)

		2024 TZS/share	2023 TZS/share
Basic and diluted loss per share	15	**(106)**	**(1,587)**

TANGA CEMENT PUBLIC LIMITED COMPANY

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		Group			Company		
	Notes	2024	2023	As at 1 Jan 2023	2024	2023	As at 1 Jan 2023
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
			Restated	Restated		Restated	Restated
ASSETS							
Non-current assets							
Property, plant and equipment	16(a)	270,527,096	273,859,320	287,733,513	270,525,479	273,856,496	286,976,855
Right-of-use assets	17	223,140	159,432	4,833,716	223,140	159,432	4,891,745
Investment property	18	963,486	1,012,217	515,028	-	-	-
Intangible asset	16(b)	507,853	-	-	507,853	-	-
Investment in subsidiary	19(a)	-	-	-	420,995	420,995	420,995
Financial asset - Interest rate cap	20	-	6,466,718	7,492,379	-	6,466,718	7,492,379
		272,221,575	**281,497,687**	**300,574,636**	**271,677,467**	**280,903,641**	**299,781,974**
Current assets							
Inventories	22	82,901,861	48,671,521	81,189,517	82,901,861	48,671,522	81,189,517
Trade and other receivables	23	22,393,322	34,251,988	11,281,955	22,502,760	34,217,674	11,272,589
Current income tax recoverable	14(d)	-	3,489,887	9,240,366	-	2,953,688	8,792,432
Cash and bank balances	24	19,491,943	4,359,111	4,728,171	19,348,377	4,290,256	4,669,853
		124,787,126	**90,772,507**	**106,440,009**	**124,752,998**	**90,133,140**	**105,924,391**
TOTAL ASSETS		**397,008,701**	**372,270,194**	**407,014,645**	**396,430,465**	**371,036,781**	**405,706,365**
EQUITY AND LIABILITIES							
Equity							
Issued capital	25	1,273,421	1,273,421	1,273,421	1,273,421	1,273,421	1,273,421
Treasury shares	21	(1,825,920)	(1,825,920)	(1,825,920)	(1,825,920)	(1,825,920)	(1,825,920)
(Accumulated losses)/Retained earnings		11,010,701	17,694,331	117,599,456	10,161,871	16,706,682	116,208,026
Equity attributable to owners of the parent		**10,458,202**	**17,141,832**	**117,046,957**	**9,609,372**	**16,154,183**	**115,655,527**
Non-current liabilities							
Lease liabilities	26	-	244,495	4,350,041	-	244,495	4,249,513
Provision for site restoration	27	30,328	30,328	30,014	30,328	30,328	30,014
Deferred tax liability	14(b)	950,783	950,783	950,783	950,783	950,783	950,783
		981,111	**1,225,606**	**5,330,838**	**981,111**	**1,225,606**	**5,230,310**
Current liabilities							
Lease liabilities	26	299,630	35,447	650,006	299,630	35,447	634,985
Trade and other payables	29	71,598,558	76,519,037	48,227,103	71,393,440	76,273,273	48,066,634
Borrowings	28	306,242,105	272,164,061	228,236,445	306,242,105	272,164,061	228,236,445
Current income tax payable	14(d)	141,015	-	-	616,727	-	-
Contract liabilities	30	7,288,080	5,184,211	7,523,296	7,288,080	5,184,211	7,882,464
		385,569,388	**353,902,756**	**284,636,850**	**385,839,982**	**353,656,992**	**284,820,528**
Total liabilities		**386,550,499**	**355,128,362**	**289,967,688**	**386,821,093**	**354,882,598**	**290,050,838**
TOTAL EQUITY AND LIABILITIES		**397,008,701**	**372,270,194**	**407,014,645**	**396,430,465**	**371,036,781**	**405,706,365**

These consolidated and separate financial statements were approved by the Board of Directors for issue on 23 July 2025 and were signed on their behalf by:

Name: Hakan Gurdal Title: Chairman Signature:

Name: Raymond Mbilinyi Title: Director Signature:

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Issued capital TZS' 000'	Treasury shares TZS'000	(Accumulated losses)/Retained earnings TZS' 000'	Total TZS' 000'
COMPANY					
Balance at 1 January 2023 as originally presented		**1,273,421**	-	**115,155,573**	**116,428,994**
Correction of prior period error (Note 44)		-	**(1,825,920)**	**1,052,454**	**(773,466)***
Restated total equity at the beginning of the financial year		**1,273,421**	**(1,825,920)**	**116,208,027**	**115,655,528**
Loss for the year as originally presented		-	-	*(61,826,916)*	*(61,826,916)*
Correction of error (Note 44)		-	-	*(37,674,429)*	*(37,674,429)*
Restated loss for the year		-	-	*(99,501,345)*	*(99,501,345)*
Total comprehensive income		-	-	(99,501,345)	(99,501,345)
Restated total equity as at 31 December 2023		**1,273,421**	**(1,825,920)**	**16,706,682**	**16,154,183**
Balance at 31 December 2023 as originally presented		1,273,421	-	53,328,657	54,602,078
Correction of prior period error (Note 44)		-	(1,825,920)	(36,621,975)	(38,447,895)
Restated total equity as at 31 December 2023		**1,273,421**	**(1,825,920)**	**16,706,682**	**16,154,183**
Loss for the year		-	-	*(6,544,811)*	*(6,544,811)*
Total comprehensive income		-	-	(6,544,811)	(6,544,811)
At 31 December 2024		**1,273,421**	**(1,825,920)**	**10,161,871**	**9,609,372**
GROUP					
Balance at 1 January 2023 as originally presented		**1,273,421**	**(773,466)**	**116,547,002**	**117,046,957**
Correction of prior period error (Note 44)		-	**(1,052,454)**	**1,052,454**	-
Restated total equity at the beginning of the financial year		**1,273,421**	**(1,825,920)**	**117,599,456**	**117,046,957**
Loss for the year as originally presented		-	-	*(62,230,696)*	*(62,230,696)*
Changes in treasury share movement		-	*(717,215)*	-	*(717,215)*
Correction of error (Note 44)		-	*717,215*	*(37,674,429)*	*(36,957,214)*
Restated loss for the year		-	-	*(99,905,125)*	*(99,905,125)*
Total comprehensive income		-	-	(99,905,125)	(99,905,125)
Restated total equity as at 31 December 2023		**1,273,421**	**(1,825,920)**	**17,694,331**	**17,141,832**
Balance at 31 December 2023 as originally presented		1,273,421	(1,490,681)	54,316,306	54,099,046
Correction of prior period error (Note 44)		-	(335,239)	(36,621,975)	(36,957,214)
Restated total equity as at 31 December 2023		**1,273,421**	**(1,825,920)**	**17,694,331**	**17,141,832**
Loss for the year		-	-	*(6,683,630)*	*(6,683,630)*
Total comprehensive income		-	-	(6,683,630)	(6,683,630)
At 31 December 2024		**1,273,421**	**(1,825,920)**	**11,010,701**	**10,458,202**

* The amount has been reclassified against trade and other receivables. Refer to Note 44 for details.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOW
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Group 2024	Group 2023	Company 2024	Company 2023
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
OPERATING ACTIVITIES			Restated		Restated
Cash generated from operating activities	31	28,456,976	4,018,524	28,404,678	3,914,002
Interest income received	12	102,136	2,585,419	102,136	2,585,419
Income taxes paid	14 (d)	(1,557,804)	(1,064,653)	(1,557,804)	(976,388)
Net cash flows from operating activities		**27,001,308**	**5,539,290**	**26,949,010**	**5,523,033**
INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		-	352,556	-	352,556
Purchase of intangible asset	16 (b)	(507,853)	-	(507,853)	-
Purchase of property, plant and equipment	16 (a)	(21,956,989)	(6,906,441)	(21,956,989)	(6,906,441)
Additions to critical spares	16 (a)	-	(294,388)	-	(294,388)
Net cash flows used in investing activities		**(22,464,842)**	**(6,848,273)**	**(22,464,842)**	**(6,848,273)**
FINANCING ACTIVITIES					
Principal repayments - lease liabilities	26	(210,839)	(361,700)	(210,839)	(361,700)
Lease liability interest paid	26	(35,714)	(529,193)	(35,714)	(529,193)
Interest paid - overdrafts	11	(2,463,942)	(1,929,889)	(2,463,942)	(1,929,889)
Interest paid - term borrowings	28 (b)	(2,716,058)	(2,502,042)	(2,716,058)	(2,502,042)
Principal repayments - term borrowings	28 (b)	(3,654,000)	(12,673,365)	(3,654,000)	(12,673,365)
Short-term loan proceeds	28 (b)	43,772,061	-	43,772,061	-
Proceeds from import loans	28 (b)	1,828,844		1,828,844	
Net cash flows used in financing activities		**36,520,352**	**(17,996,189)**	**36,520,352**	**(17,996,189)**
Net increase/(decrease) in cash and cash equivalents		**41,056,818**	**(19,305,172)**	**41,004,520**	**(19,321,429)**
Net foreign exchange differences		(82,375)	(563,901)	(104,788)	(558,180)
Cash and cash equivalents at 1 January		(34,396,868)	(14,527,795)	(34,465,723)	(14,586,114)
Cash and cash equivalents at 31 Dec	**24**	**6,577,575**	**(34,396,868)**	**6,434,009**	**(34,465,723)**

1. CORPORATE INFORMATION

Tanga Cement Public Limited Company (the "Company"), the reporting entity, is incorporated in Tanzania under the Companies Act, 2002 of Tanzania as a limited liability company and is domiciled in Tanga, Tanzania. The Company's shares are publicly traded on the Dar es Salaam Stock Exchange.

The principal activities of the Group are disclosed in the Report by those charged with Governance. Information about the Group is disclosed on page 1.

The Company has one fully owned subsidiary, Cement Distributors (EA) Limited (CDEAL) which is incorporated and domiciled in Tanzania.

Information on the ultimate parent of the Company is presented in Note 38 to the consolidated and separate financial statements.

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on a historical cost basis, except for derivative financial instruments and equity instruments, which are measured at fair value.

The consolidated and separate financial statements are prepared in Tanzanian Shillings with all values rounded to the nearest thousand (TZS '000'), except when otherwise indicated. These consolidated and separate financial statements cover the year ended 31 December 2024.

Details of the management's and directors' assessment of the going concern basis of preparation adopted in the preparation of the consolidated and separate financial statements are provided in Note 40.

2.2 STATEMENT OF COMPLIANCE AND BASIS OF CONSOLIDATION

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2002 of Tanzania.

The consolidated financial statements comprise the Company, its subsidiary and controlled structured entity (together, the "Group"). The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtained control and continues to be consolidated until the date when such control ceases. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiary and consolidated structured entity are prepared for the same reporting period as the Company, using consistent accounting policies. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.2 STATEMENT OF COMPLIANCE AND BASIS OF CONSOLIDATION (CONTINUED)

When necessary, adjustments are made to the financial statements of the consolidated entities to bring their accounting policies in line with the Group's accounting policies.

All intra-group balances, transactions, and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The investment in the subsidiary is measured at cost less impairment losses in the Company's separate financial statements.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; or
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Investment in subsidiary

The investment in subsidiary is measured at cost in the Company's separate financial statements. The Company determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying amount and recognises the amount in profit or loss.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated and separate statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Fair value measurement

The Group measures certain financial instruments, such as derivatives, at fair value through profit or loss. Financial instruments classified at amortised cost are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Investment properties are accounted for using the cost model in accordance with IAS 40. Nevertheless, the Group discloses the fair values of these properties in the notes to the financial statements, as required by IAS 40.56. Other non-financial assets, such as property, plant and equipment and intangible assets, are measured using the cost model in accordance with IAS 16 and IAS 38, respectively. These assets are carried at historical cost less accumulated depreciation and impairment losses. Fair value information for these assets is not disclosed unless required in the context of impairment testing or business combinations.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is determined annually by management after discussion with and approval by the Company's Audit, Risk and Compliance Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. Management decides, after discussions with the Group's external valuers, the valuation techniques and inputs to use for each case.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Fair value measurement (Continued)

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are presented under the respective notes.

c) Foreign currency translation

The Group and Company's financial statements and Company's separate financial statements are presented in Tanzanian Shillings (TZS), which is also the Group's and Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated and separate financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

The assets and liabilities of foreign operations are translated into Tanzanian Shilling (TZS) at the rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income balances are translated at exchange rates prevailing at the dates of the transaction or the average rates for the period. The exchange differences arising on the translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Revenue from contracts with customers

Revenue represents income arising in the course of Group's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The Group applied the portfolio approach in assessing the contracts. Revenue is stated net of value-added tax (VAT) and excise duty.

Revenue is primarily derived from the sale of cement and provision of transport services. Payments from customers for which no goods have been transferred are carried in the statement of financial position as a contract liability until when the control of the related goods passes to the customer.

The five-step model stipulated in IFRS 15 *Revenue from contracts with customers* is applied when accounting for revenue from contracts with customers. The Group accounts for a revenue contract with a customer only when all the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- The Group can identify each party's rights regarding the goods or services to be transferred;
- The Group can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance (i.e., the risk, timing or amount of future cash flows is expected to change as a result of the contract); and
- It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenue from sale and transportation of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit terms are 30 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Right of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer. The Group currently does not have experience of returns that are material to the consolidated and separate financial statements.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Revenue from contracts with customers (Continued)

Volume rebates
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment. Refer to the accounting policy on impairment of financial assets in Note 2.3(m).

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to Note 2.3(m) for the accounting policy on trade receivables.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Right of return assets
Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Revenue from contracts with customers (Continued)

Contract balances (Continued)

Cost to obtain contract
The Group pays sales commission to its sales force known as Trade Development Representatives based on the volume sold in their respective areas. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales).

e) Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

- Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

e) Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in profit or loss.

Value Added Tax
Revenues, expenses and assets are recognised net of the amount of Value Added Tax, except:

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

f) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. If there is any carrying amount remaining relating to the replaced part, the remaining carrying amount is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets. The rates of depreciation used are:

Asset	Annual rate
• Leasehold land	1.00% – 10.00%
• Buildings, roads and railway siding	3.00% – 10.00%
• Plant, machinery and equipment	4.00% – 10.00%
• Motor vehicles and construction vehicles	4.00% – 20.00%
• Fixtures, fittings and equipment	13.00% – 20.00%

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress includes accumulated cost of property, plant and equipment which is under construction, or for which cost has been incurred, but which is not yet ready for use by the Group. It also includes cost incurred for assets being constructed by third parties, assets which have not been delivered to, or installed in, the facility and assets which cannot be used until certain other assets are acquired and installed.

Where there is a significant interval between the times at which cost is incurred in connection with the acquisition of an asset and when the asset will be ready for use, the cost is accumulated in capital work in progress. At the time the asset is ready for use, the accumulated cost is to be transferred to the appropriate category and depreciation starts.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress is not depreciated, since by the definition it is not yet ready for use, but it is carried at cost less accumulated impairment.

Refurbished equipment is accounted for in accordance with IAS 16 – Property, Plant and Equipment. Refurbishment refers to significant repairs, upgrades, or replacements undertaken to restore or improve the operational capability of an asset, extend its useful life, or enhance its functionality.
Refurbishment costs are capitalized if they meet the criteria for recognition as an asset, i.e., when it is probable that future economic benefits will flow to the entity and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred.

Where refurbishment involves the replacement of a significant part or component of an asset, the carrying amount of the replaced part is derecognized, and the cost of the new component is capitalized.
Refurbished assets are depreciated over their revised useful lives from the date they are available for use

h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all the leases, except for short term leases and low value assets. The Group recognises lease liabilities to make lease payments and the right-of-use assets representing the right to use the underlying asset.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) Leases (continued)

Group as a lessee (continued)

Right-of-use- assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right-of-use asset	Years
• Land occupancy rights	53 - 99
• Quarry fleet	1 – 4
• Residential houses and warehouses	1 – 3
• Printers	2 – 5

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses, unless they are incurred to produce inventories, in the period in which the event or condition that triggers the payment occurs, then they are capitalized as cost of those inventories they were incurred to produce.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short –term leases and leases of low value asset
The Group applies the short-term lease recognition exemption to short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be of low value, as per IFRS Accounting Standards the value of the asset when new should be ≤ €5,000. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) Leases (continued)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. These leases have terms of 6 to 12 months. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

i) Investment property

Investment properties are initially recognised at cost, which includes the purchase price and any directly attributable transaction costs. Subsequent to initial recognition, the Group applies the cost model in accordance with IAS 40, whereby investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses.

In accordance with the disclosure requirements of IAS 40, the fair values of the investment properties—reflecting market conditions at the reporting date are disclosed in the financial statements. These fair values are determined based on an annual valuation performed by an independent, accredited external valuer, using a valuation methodology in line with the principles of the International Valuation Standards. The rate of depreciation used is:

Buildings	20 years

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any). Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in an asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Intangible assets (continued)

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy on Revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding in addition to the business model of the entity being to hold the financial assets so as to collect the contractual cash flows. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments) and derivative financial instruments which are measured at FVTPL categories were relevant to the Group for the current year.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables, financial asset interest rate cap and bank balances.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all investments in equity instruments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through OCI.

The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (Continued)

Financial assets (Continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e., removed from the Group's consolidated and separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired, Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (Continued)

Impairment of financial assets (continued)
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. A gross carrying amount will be written off when all reasonable efforts have been taken to recover the amount.

The Group will consider certain information as reasonable grounds to deem a financial asset in default (even before 120 days past due for trade receivables) and/or indicators that are used to assess that there is no reasonable expectation of recovery. These include:

- Legal actions against the customer or a financial institution, such as bankruptcy and lawsuits.
- Mergers, acquisitions, or restructuring that may render the customer or financial institution incapable of meeting their financial obligations.
- Global events such as geopolitical tensions, and pandemics,
- Industry dynamics, including shifts in customer preferences, and supply chain issues.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as commitment measurement.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings including term loans and bank overdrafts, and derivative financial instruments.

Subsequent measurement
After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated and separate statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

l) Cash and cash equivalents

Cash on hand, bank balances on demand and time deposit accounts with banks whose original maturities do not exceed three months, less bank overdraft amounts, are classified as cash and cash equivalents in the consolidated and separate statements of cash flows.

Cash and cash equivalents are carried at amortised cost in the consolidated and separate statements of financial position.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

m) Inventories

Inventories are valued at the lower of cost and net realisable value. Spare parts and servicing equipment are classified as Property, Plant, and Equipment rather than inventory when they meet the definition of Property, Plant and Equipment, with a useful life of more than 5 years and a value of more than TZS 140 million. They are measured on cost less depreciation and provision for impairment.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials
Purchase cost on a first in, first out basis.

Finished goods and work in progress
Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

A provision is recognized for slow-moving and obsolete inventory, particularly for raw materials, spare parts, and finished goods that have not moved for a significant period or are no longer expected to be utilised.

n) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an assets, or cash-generating unit's (CGU), fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(CONTINUED)*

o) Impairment of non-financial assets (Continued)

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

p) Royalties

Royalties payable to the representatives of the Ministry of Energy and Minerals, the Resident Mines Officer and Zonal Mines Officer and, in some instances, local government, are included under cost of sales. Royalties are calculated based on quantities of limestone and red clay crushed/hauled and pozzolana used and are recognised upon consumption of the respective materials.

q) Provisions

General
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

r) Site restoration provision
The provision for restoration represents the cost of restoring site damage after the start of production. Increases in the provision are charged to profit or loss. Restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

s) Employee benefits

Pension benefits

All the Group's local employees are members of National Social Security Fund (NSSF), which is a defined contribution plan. This plan is prescribed by law and all private sector employees must be members of the fund. The Group and employees both contribute 10% of the employees' gross salaries to NSSF. The Group's contributions are charged to profit or loss when incurred.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy based on the number of employees expected to accept the offer.

Employee bonus

Employees are entitled to annual bonuses which are performance based; the company recognises a liability and an expense for bonuses, based on a formula that takes into consideration individual's achievement on the pre- agreed annual targets. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

t) Cash dividend

The Group recognises dividend liabilities when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Withholding tax is payable on dividends at_the rate of 5% of the dividends distributed to shareholders. This tax is not attributable to the Company paying the dividend but is collected by the Company and paid to the tax authority on behalf of the shareholder.

u) Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Where any Group controlled entity purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects and are included in equity attributable to the Company's equity holders. No gain or loss is recognised in profit or loss on the purchase, sale or cancellation of the Group's own equity instruments.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

v) Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

w) Uncertain income tax positions

The Group and the Company use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Group and the Company assume that the taxation authority will examine amounts reported to it and will have full knowledge of all relevant information when doing so. Where the Group and the Company conclude that it is probable that a particular tax treatment will be accepted, it determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Group and the Company conclude that it is not probable that a particular tax treatment will be accepted, it uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The method is based on which method provides better predictions of the resolution of the uncertainty.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated and separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have had significant effects on the amounts recognized in the consolidated and separate financial statements.

Impairment at cash generating unit level

The Company's market capitalization as at year-end was lower than the carrying amount of the Company's net assets. The recoverable amount as estimated by the directors indicates that assets are not impaired, whereby the carrying amount of the net assets of the Company may not be recoverable. The judgements applied in this assessment include that the Group's business fundamentals remain positive as expected, with expected increase in profitability.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations in a bundled sale of goods and transportation services

The Group provides transportation services that are bundled together with the sale of goods to a customer. The transportation services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that the goods and transportation are not capable of being distinct. The fact that the Group does not sell transportation services separately on a stand-alone basis indicates that the customer cannot benefit from transportation services provided as part of the sale of goods on their own. The Group also determined that the promises to transfer the goods and to provide transportation services are not distinct within the context of the contract. The goods and transportation services are inputs to a combined item in the contract. In addition, the goods and transportation services are highly interdependent or highly interrelated, because for such contracts, the Group would not be able to transfer the goods if the customer declined transportation services and would not be able to provide transportation services in relation to goods sold by other cement manufacturers. Consequently, the Group recognise one performance obligation and not two separate performance obligations.

Determining the timing of satisfaction of goods delivered to customers

The Group concluded that revenue for contracts where delivery is done to the customers is to be recognised at point in time because the customer does not simultaneously receive and consume the benefits provided by the Group. The performance obligation is satisfied on delivery of the goods.

Determining the method of estimating variable consideration and assessing the constraint Contracts for the sale of cement and clinker include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of cement and clinker with rights of return, given the large number of customer contracts that have similar characteristics. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold. For more details, refer to Note 2.3(f).

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Group as a lessee

Determining the lease term of contracts with renewal and termination options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with short non-cancellable periods (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on the Group's operations if a replacement asset is not readily available. The renewal periods for leases are not included as part of the lease term if they are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised

Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the leases, therefore, it uses the incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires indicative rates from the Group's bankers because no observable rates are available due to the fact that the group has not entered into similar financing transactions.

Lease identification
Whether the arrangement is considered a lease, or a service contract depends on the analysis by management of both the legal form and substance of the arrangement between the Group and the counterparty to determine if control of an identified asset has been passed between the parties, if not, the arrangement is a service arrangement. Control exists if the Group obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The judgment impacts the nature and timing of both costs and reported assets and liabilities. A lease results in depreciation and interest being recognised and an asset and a liability being reported; the interest charge will decrease over the life of the lease. A service contract results in operating expenses being recognised evenly over the life of the contract and no assets or liabilities being recorded, other than trade payables, prepayments and accruals.

Refer to Notes 17 and 26 for further disclosures including the carrying amounts of the right-of-use assets and lease liabilities.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Expected credit losses

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for the customers. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Notes 23 and 36 (b).

Provision for site restoration

The Group's quarry is an open pit quarry with bench heights at 12-15 metres. The overburden materials vary in thickness, but seldom exceed 0.5 metres. The removed overburden is later used as natural backfill material on the mined benches. Limestone is mined from the quarry in a way that leaves the "used" area as a one-level horizontal plateau (bench). The Group has re-cultivated the lands of the quarry that will no longer be mined. The Group has prepared a quarry restoration plan.

Refer to Note 27 for further disclosures including the carrying amount of the provision for site restoration.

Contingent liabilities

By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of such contingent liabilities inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Group could be materially affected by the unfavourable outcome of litigation.

Refer to Note 37 for further disclosures on contingent liabilities.

Fair value of financial instruments

Where the fair value recorded or disclosed in the consolidated and separate financial statements cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Refer to Notes 18, 20,21 and 39 for further disclosures on fair value measurement.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Impairment of non-financial assets
Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The Group performs the annual impairment assessment at year-end. The Group considers the relationship between value in use and carrying amount of the asset, among other factors, when reviewing for indicators of impairment.

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less cost of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flows (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Refer to Note 19(a) for further disclosures including the carrying amount of the non-financial asset impaired

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Refer to Note 14 for further disclosures including the carrying amounts of current income and deferred tax.

Involvement in subsidiaries
Judgment is required in the assessment of whether the Company has control or significant influence in terms of the variability of returns from the Company's involvement in the investee or structured entity, the ability to use power to affect those returns and the significance of the Company's involvement in the investee or structured entity. The Company classified its investments and structured entities considering this assessment of control or significant influence. Refer to Note 2.3(b) for further disclosures on the consolidated entities.

Estimating variable consideration for volume rebates
The Group estimates variable considerations to be included in the transaction price for the sale of cement and clinker with respect to volume rebates.
The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group updates its assessment of volume rebates monthly and the refund liabilities are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.
Refer to Note 30 for further disclosures on rebate liabilities.

4 i) STANDARDS ISSUED AND EFFECTIVE

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new and revised IFRSs effective for annual period beginning on or after 01 January 2024 have been applied in the current year:

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants -Amendments to IAS 1
- Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7

4 ii) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Lack of exchangeability – Amendments to IAS 21 (1 January 2025)
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (1 January 2026)
- Annual Improvements to IFRS Accounting Standards - Volume 11 (1 January 2026)
- Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7 (1 January 2026)
- IFRS 18 – Presentation and Disclosure in Financial Statements (1 January 2027)
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures (1 January 2027)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (Effective date postponed indefinitely pending the outcome of IASB's research project on the equity method of accounting)

IFRS 18 – Presentation and Disclosure in Financial Statements (Effective for annual periods on or after 1 January 2027)
In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.
IFRS 18, and the consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed.
The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
5 REVENUE FROM CONTRACTS WITH CUSTOMERS				

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Group 2024 TZS' 000'	Group 2023 TZS' 000'	Company 2024 TZS' 000'	Company 2023 TZS' 000'
Type of goods or services				
Cement sales	180,633,306	193,676,493	180,633,306	193,676,493
Clinker sales	40,794,648	9,296,071	40,794,648	9,296,071
Freight income	9,418,266	12,129,241	9,418,266	12,129,241
Total revenue from contracts with customers	**230,846,220**	**215,101,805**	**230,846,220**	**215,101,805**
Sales revenue distribution by product:				
Simba Bora	94,471,199	99,652,150	94,471,199	99,652,150
Simba Imara	83,485,404	91,284,716	83,485,404	91,284,716
Simba Barabara	2,676,703	2,739,627	2,676,703	2,739,627
Clinker	40,794,648	9,296,071	40,794,648	9,296,071
Freight services	9,418,266	12,129,241	9,418,266	12,129,241
Total sales	**230,846,220**	**215,101,805**	**230,846,220**	**215,101,805**
Sales revenue distribution in both domestic and export markets for cement and clinker:				
Domestic sales	214,862,914	190,392,170	214,862,914	190,392,170
Export sales	6,565,040	12,580,394	6,565,040	12,580,394
Total sales	**221,427,954**	**202,972,564**	**221,427,954**	**202,972,564**
Timing of revenue recognition:				
Goods transferred at a point in time	221,427,954	202,972,564	221,427,954	202,972,564
Goods transferred over time	9,418,266	12,129,241	9,418,266	12,129,241
	230,846,220	**215,101,805**	**230,846,220**	**215,101,805**

- The performance obligation relating to selling cement and the freight services relating to bulk cement sales is satisfied upon delivery of cement and payment is generally due within 30 days from delivery. For ex-gate customers, control of the goods passes to the customer when the delivery truck crosses the Company's weighbridge and for all the other remaining customers, control of the goods and related services passes to the customer when the goods arrive at customer's specified destination.

- The Group recognizes revenue over time for freight services using an input method based on costs incurred relative to total estimated costs and an output method based on the proportion of distance travelled to the total contracted distance. This method best reflects the transfer of control to the customer, as the customer simultaneously receives and consumes the benefits of the service as it is performed. Management applies judgment in selecting this method to ensure it faithfully represents the pattern of service delivery and transfer of control.

- Customers are awarded volume rebates which are accounted for as variable consideration in determining the transaction price.

- Refer to Notes 23 and 30 for the contract balances, that is, trade receivables and contract liabilities respectively.

	2024 TZS' 000'	2023 TZS' 000' Restated	2024 TZS' 000'	2023 TZS' 000' Restated

6 COST OF SALES

Cost of sales includes the cost incurred on raw materials, fuel, electricity, personnel, maintenance, distribution, depreciation charges and other production expenses.

	2024 TZS' 000'	2023 TZS' 000' Restated	2024 TZS' 000'	2023 TZS' 000' Restated
Distribution costs	9,404,932	17,317,229	9,404,931	17,317,229
Variable costs	128,546,610	112,817,603	128,546,610	112,817,603
Fixed costs	21,505,833	46,852,893	21,499,431	46,852,893
Depreciation, amortisation, and impairment (Note 16)	21,061,480	18,904,451	21,060,279	18,903,244
Provision for obsolete inventories (Note 22)	(3,249,935)	5,076,234	(3,249,934)	5,076,235
Write-off of inventory (Note 44)	-	36,957,124	-	36,957,124
	177,268,920	**237,925,534**	**177,261,317**	**237,924,328**

The below are included in variable costs:

Raw materials	23,436,042	11,781,073	23,436,042	11,781,073
Fuel and energy	80,812,050	77,581,574	80,812,050	77,581,574
Consumables	24,298,518	23,454,956	24,298,518	23,454,956
	128,546,610	**112,817,603**	**128,546,610**	**112,817,603**

The following are included in cost of sales:

Royalties				
Limestone	1,155,550	1,067,846	1,155,550	1,067,846
Red soil	107,504	108,079	107,504	108,079
Pozzolana	130,841	15,250	130,841	15,250
Total	**1,393,895**	**1,191,175**	**1,393,895**	**1,191,175**

Royalties payable to the Ministry of Energy and Minerals during the year are recognised as expenses and are included in the cost of sales line item as part of direct costs of raw materials.

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
		Restated		Restated
7 OTHER INCOME/(EXPENSES)				
(a) Other income				
Rental income	21,186	21,186	-	-
Sundry income*	499,620	190,253	74,027	86,457
Gain on sale of property, plant and equipment	12,420	-	12,420	-
	533,226	**211,439**	**86,447**	**86,457**

*Sundry income includes income from sale of scrap metal, waste oil and charges for use of the Company's property for a telecommunication tower.

(b) Other expenses				
Loss on sale of property, plant and equipment	(138,517)	(901,296)	(138,517)	(901,296)
Write off – other assets	-	(473,359)	-	(81,086)
	(138,517)	**(1,374,655)**	**(138,517)**	**(982,382)**

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
8 SELLING EXPENSES				
Other marketing and sales expenses	549,873	930,274	549,873	930,274
Personnel expenses	776,907	856,592	776,907	856,592
Advertising expenses	1,003,120	2,559,413	1,003,120	2,559,413
	2,329,900	**4,346,279**	**2,329,900**	**4,346,279**
9 ADMINISTRATION EXPENSES				
Personnel expenses (a)	7,617,369	14,222,222	7,282,090	13,723,628
Third party services	3,667,521	3,690,776	3,667,521	4,058,169
Other administration expenses	9,845,558	8,782,606	9,860,879	8,750,306
Depreciation, amortisation and impairment (Note 17 &Note 18)	228,725	491,950	179,988	469,222
	21,359,173	**27,187,554**	**20,990,478**	**27,001,325**

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
9 ADMINISTRATION EXPENSES (Continued)				
(a) Personnel expenses under:				
Cost of sales	12,486,139	11,501,820	12,486,139	11,501,820
Selling expenses	776,907	856,592	776,907	856,592
Administrative expenses	7,617,369	14,222,222	7,282,090	13,723,628
	20,880,415	**26,580,634**	**20,545,136**	**26,082,040**
Personnel expenses is made up of:				
Wages and salaries and bonuses	14,931,962	18,473,265	14,931,962	18,070,756
Statutory obligations	753,749	740,586	753,749	738,939
Social security costs	654,476	3,458,735	654,476	3,425,094
Staff allowances	65,488	735,063	65,488	693,893
Medical, training, meals and beverages	1,418,430	1,917,786	1,418,430	1,907,729
Staff benefits	2,404,530	1,255,199	2,404,530	1,245,629
Other employment costs	651,780	-	316,501	-
	20,880,415	**26,580,634**	**20,545,136**	**26,082,040**

Included in third party services are:

Consultancy	755,627	3,132,829	755,627	3,511,334
Security costs	261,137	13,908	261,137	4,151
Rent and rates*	147,520	198,427	147,520	198,427
Other third-party services	160,050	345,612	160,050	344,257
Re-organisation costs[1]	2,343,187	-	2,343,187	-
	3,667,521	**3,690,776**	**3,667,521**	**4,058,169**

* Rent expenses disclosed under rent and rates above relates to short-term contracts not in scope of IFRS 16.

Included in other administration expenses are:

Group consultancy[2]	3,381,767	-	3,381,767	-
Information technology	1,282,280	1,044,345	1,282,280	1,044,345
Legal costs	1,104,923	892,211	1,104,923	892,211
Other costs	904,543	596,459	904,543	596,459
Levies and fees[3]	764,044	5,556,570	764,044	5,556,570
Technical assistance	659,721	-	659,721	-
Bank charges	537,403	131,497	537,403	131,497
Hotel expenses	533,060	40,303	533,060	40,303
Other administration expenses	677,817	521,221	693,138	488,921
	9,845,558	**8,782,606**	**9,860,879**	**8,750,306**

[1] Re-organisation costs include retrenchment costs as a result of changes in shareholding at the end of 2023.

[2] Group consultancy relates to license fees and guarantee fees payable to Heidelberg Materials AG not present in 2023.

[3] Levies and fees for prior year includes a one-off payment to the Fair Competition Commission and minerals levy.

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
10 OPERATING LOSS				
Operating loss is arrived at after charging / (crediting):				
Loss on sale of property, plant and equipment	138,517	901,296	138,517	901,296
Audit fees				
- Health and safety audit	8,095	16,271	8,095	16,271
- Auditors' remuneration and related expenses	297,643	246,848	190,000	205,257
Directors' remuneration				
- Directors' emoluments	33,218	100,593	33,218	100,593
Staff costs:				
- Service costs	17,297,518	25,554,604	17,297,518	25,554,604
- Pension costs (Defined contribution plans)	689,584	2,318,581	654,476	2,318,581
Lease rental and related expenses*	3,820,225	4,022,294	3,820,225	4,022,294
* The amounts comprise of short-term leases only.				
Depreciation:				
- Charge on property, plant and equipment	21,061,486	18,904,451	21,060,279	18,903,244
- Charge on right-of-use assets	179,988	469,222	179,988	469,222
- Charge on investment property	48,731	22,728	-	-
	21,290,205	**19,396,401**	**21,240,267**	**19,372,466**
Expected credit losses				
Increase in ECL for trade receivables	994,953	927,896	797,699	968,345
Increase/(decrease) in ECL on bank balances	-	1,501	(1,490)	1,479
	994,953	**929,397**	**796,209**	**969,824**

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
11 INTEREST EXPENSE				
Interest expense on bank overdrafts	2,463,942	1,929,889	2,463,942	1,929,889
Interest expense on short term loans	4,216,173	-	4,216,173	-
Interest expense on leases	35,714	617,577	35,714	617,577
Interest expense on Group loan	26,799,684	19,545,518	26,799,684	19,545,518
Interest expense on Afrisam facility	-	1,430,679	-	1,430,679
Interest expense charged to profit or loss	**33,515,513**	**23,523,663**	**33,515,513**	**23,523,663**

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'

12 FINANCE INCOME

Income from Interest Rate Cap	102,136	2,574,645	102,136	2,574,645
Interest income on bank deposits	-	10,774	-	10,774
	102,136	**2,585,419**	**102,136**	**2,585,419**

13 FOREIGN EXCHANGE AND FAIR VALUE (GAIN)/LOSS

Net foreign exchange and fair value(gain)/loss	(2,302,945)	21,050,467	(2,313,501)	21,060,984

This comprises of:				
Fair value (gain)/loss - interest rate cap	(226,090)	1,665,369	(226,090)	1,665,369
Foreign exchange (gains)/losses on term loans	(1,921,300)	18,626,813	(1,921,300)	18,626,813
Net other foreign exchange losses	(155,555)	758,285	(166,111)	768,802
	(2,302,945)	**21,050,467**	**(2,313,501)**	**21,060,984**

All payments denominated in foreign currencies were paid using foreign currencies purchased from the spot market and collections from cement export sales. The only hedging arrangement was Interest Rate Cap "IRC" disclosed in Note 20.

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
		Restated		Restated
14 INCOME TAX				
(a) Income tax charge				
Alternative Minimum Tax - current year	-	1,207,861	-	1,207,861
Current tax charge – current year	4,861,181	-	4,861,181	-
Current income tax charge - prior years	-	258,378	-	258,378
	4,861,181	**1,466,239**	**4,861,181**	**1,466,239**

In the current year, the Group recognised a current tax charge arising from the application of the tax loss restriction rule, as stipulated under Tanzania Income Tax Act and Finance Act, 2020, and as amended by the Finance Act, 2024, that require entities that incurred tax losses for four consecutive years, in the fifth year, the utilisation of carried-forward tax losses is limited to 60% of the taxable profit. The remaining 40% of the profit becomes taxable, regardless of the total accumulated losses. This rule was applicable to the Group during the current financial year, resulting in a current tax expense.

In 2023, the Group did not have any current tax charge as it had accumulated tax losses. However, in accordance with Tanzanian tax regulations, the Group recognised Alternative Minimum Tax (AMT). AMT is levied at 0.5% of total revenue for entities that have reported tax losses for three consecutive years.

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000' Restated	TZS' 000'	TZS' 000' Restated
14 INCOME TAX (Continued)				
(b) Deferred taxes				
The movement in the net deferred tax liability is made up as follows:				
Charge to profit or loss – Current year	-	-	-	-
Charge to profit or loss - Prior year adjustment	-	-	-	-
	-	-	-	-
Deferred tax (assets)/liabilities				
Accelerated depreciation	45,085,565	46,519,738	44,986,556	46,737,014
Provision for expected credit losses	(2,537,512)	(2,148,403)	(2,332,823)	(2,095,169)
Provision for obsolete inventories	(3,863,482)	(4,838,462)	(3,863,482)	(4,838,462)
Leave pay accrual	(136,797)	(331,973)	(136,797)	(331,973)
Litigation accruals	(306,059)	(60,654)	(306,059)	(60,654)
Net unrealised foreign exchange losses on PIC loan	-	(9,830,760)	-	(9,830,046)
Impairment of treasury shares/amount due from Trust	(88,131)	-	(88,131)	(88,131)
Unrealised foreign exchange losses - other	(10,048,851)	(713)	(10,048,851)	-
Unrealised foreign exchange gains - other	608,734	-	608,734	-
Bonus accruals	(360,000)	(374,225)	(360,000)	-
Current income tax losses carried forward	(44,731,490)	(52,008,994)	(44,687,600)	(51,979,370)
Accrual for volume rebates	(776,386)	(413,544)	(776,386)	(413,544)
Provision for excise duty	(383,409)	(688,828)	(383,409)	(688,828)
Provision for long-term incentive scheme	(12,900)	(174,509)	(12,900)	(160,284)
IFRS 16 adjustments (RoU and Interest on lease liability)	(345,433)	(327,294)	(345,433)	(354,689)
Provision for quarry rehabilitation	(9,098)	-	(9,098)	(9,098)
Provision for Kiln Linings - Tk2 Shutdown	(703,383)	(195,000)	(703,383)	(195,000)
Provision of withholding tax on PIC loan	(4,860,979)	(3,914,232)	(4,860,979)	(3,914,234)
	(23,469,611)	**(28,787,853)**	**(23,320,041)**	**(28,222,468)**
Deferred tax asset not recognised				
TCPLC- Company	24,270,825	29,709,013	24,270,824	29,173,251
CDEAL - Tanzania	149,569	29,623	-	-
	24,420,394	**29,738,636**	**24,270,824**	**29,173,251**
Net deferred tax liability recognised	**950,783**	**950,783**	**950,783**	**950,783**

14 INCOME TAX (Continued)

(c) Tax rate reconciliation

A reconciliation between the income tax credit and the accounting loss multiplied by the domestic tax rate is as follows:

	Group		Company	
	2024 TZS' 000'	2023 TZS' 000' Restated	2024 TZS' 000'	2023 TZS' 000' Restated
	%	%	%	%
Standard rate applicable on tax allowable loss	**(30.00)**	**(30.00)**	**(30.00)**	**(30.00)**
The standard rate has been affected by:				
- Expenses not deductible for tax purposes*	7.94	0.23	8.56	0.23
- Alternative minimum tax	-	1.23	-	1.23
- Movement/ depreciation on investment property	-	0.02	-	-
- Difference in depreciation charge between PPE and P&L	-	-	-	-
- Adjustments in respect of prior years current tax	-	0.03	-	-
- Non-deductible interest expense (thin cap)	532.38	6.89	586.06	6.90
- Adjustments in respect of prior years deferred tax	(525.43)	(0.84)	(590.50)	(0.91)
- Depreciation on non-qualifying assets	0.47	0.02	0.52	0.02
- Profit on sale of non-qualifying assets	-	-	-	-
Tax effect of specific provision reclassified to general provision	-	-	-	-
Movement of insurance spares	(88.37)	-	(97.28)	-
Unreconciled difference in FAR	8.69	(0.41)	9.57	(0.41)
Rounding figure	-	-	-	-
Effective tax rate	**(94.32)**	**(22.83)**	**(113.07)**	**(22.94)**

*The following are some of the items included in expenses not deductible for tax purposes: impairment charge on investment in other entities; certain accrued indirect tax expenses which are not deductible for tax purposes; expenses relating assets that don't qualify for tax allowances; employment related expenses not deductible for tax purposes; donations; public relations and related expenses; among others.

14 INCOME TAX (Continued)

	2024 TZS' 000'	2023 TZS' 000' Restated	2024 TZS' 000'	2023 TZS' 000' Restated
(d) Income tax recoverable/(payable)				
At 1 January	(3,489,887)	(9,240,366)	(2,953,688)	(8,792,432)
Payment made during the year	(1,528,987)	(928,230)	(1,528,987)	(905,932)
Withholding credit - tax deducted at source	(28,817)	(136,423)	(28,817)	(70,456)
Current income tax expense - prior year adjustment	-	258,378	-	258,378
Income tax expense - current year	4,861,181	1,207,861	4,861,181	1,207,861
Reclassification to other receivables*	327,525	5,348,893	267,038	5,348,893
At 31 December	**141,015**	**(3,489,887)**	**616,727**	**(2,953,688)**

*The reclassification to other receivables pertains to one-third objection payments made in relation to tax disputes arising from TRA audits covering the years 2014 to 2022. These payments relate to non-CIT tax matters, including PAYE, WHT, VAT, and SDL. Further details are provided in Note 44 of the consolidated and separate financial statements.

15 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no dilutive shares as at year-end (2023: None). As such, the basic and diluted loss per share were the same as indicated below.

	Group	
	2024 TZS' 000'	2023 TZS' 000' Restated
Loss attributable to ordinary shareholders (TZS' 000)	(6,683,630)	(99,905,125)
Total weighted average number of ordinary shares	63,671,045	63,671,045
Treasury shares	(703,152)	(703,152)
Basic and diluted weighted average number of ordinary shares less treasury shares	62,967,893	62,967,893
Basic and diluted loss per share (TZS/share)	**(106)**	**(1,587)**

16 (a) PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

	Notes	Land and buildings TZS' 000'	Plant and machinery TZS' 000'	Motor vehicles TZS' 000'	Capital items in stock TZS' 000'	Furniture, fittings and equipment TZS' 000'	Capital work in progress (CWIP) TZS' 000'	Total TZS' 000'
Cost								
At 1 January 2024		36,009,763	416,528,158	2,007,456	-	1,830,373	6,964,357	463,340,107
Additions		-	-	-	-	-	21,956,989	21,956,989
Transfer from Capital Work in Progress (CWIP)		-	6,080,831	220,063	-	-	(6,300,894)	-
Standby spares utilised[4]		-	(5,592,009)	-	1,502,799	-	-	(4,089,210)
Disposals		-	(1,312,253)	-	-	-	-	(1,312,253)
At 31 December 2024		**36,009,763**	**415,704,727**	**2,227,519**	**1,502,799**	**1,830,373**	**22,620,452**	**479,895,633**
Depreciation and impairment								
At 1 January 2024		14,369,334	171,512,430	1,839,519	-	1,759,504	-	189,480,787
Charge for the year		880,808	18,423,881	252,791	1,502,799	1,207	-	21,061,486
Disposals		-	(1,173,736)	-	-	-	-	(1,173,736)
At 31 December 2024		**15,250,142**	**188,762,575**	**2,092,310**	**1,502,799**	**1,760,711**	**-**	**209,368,537**
Net carrying amount								
At 31 December 2024		**20,759,621**	**226,942,152**	**135,209**	**-**	**69,662**	**22,620,452**	**270,527,096**

[4] Standby spares are critical spare parts that are used once the need arises. The Group and the Company adopted accounting policy of the Ultimate Parent on recognition of spare parts as inventory for spare parts with an individual acquisition value of more than 10kEUR but less than 10kEUR. Subsequently these spare parts were transferred from property plant and equipment to inventory for utilisation.

16 (a) PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

	Notes	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Capital work in progress (CWIP)	Total
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Cost							
At 1 January 2023		36,348,202	414,338,643	3,416,574	1,830,373	7,975,501	463,909,293
Additions		-	-	-	-	6,906,441	6,906,441
Additions to standby spares		-	467,369	-	-	-	467,369
Transfer from Capital Work in Progress (CWIP)		490,285	7,427,300	-	-	(7,917,585)	-
Transfer to investment property (Note 18)		(828,724)	-	-	-	-	(828,724)
Standby spares utilised		-	(337,073)	-	-	-	(337,073)
Disposals		-	(5,005,494)	(1,409,118)	-	-	(6,414,612)
Write-off		-	(362,587)	-	-	-	(362,587)
At 31 December 2023		**36,009,763**	**416,528,158**	**2,007,456**	**1,830,373**	**6,964,357**	**463,340,107**
Depreciation and impairment							
At 1 January 2023		13,909,039	157,459,434	3,076,655	1,730,652	-	176,175,780
Charge for the year		898,979	17,862,145	114,475	28,852	-	18,904,451
Disposals		-	(3,809,149)	(1,351,611)	-	-	(5,160,760)
Transfer to investment property		(438,684)	-	-	-	-	(438,684)
At 31 December 2023		**14,369,334**	**171,512,430**	**1,839,519**	**1,759,504**	**-**	**189,480,787**
Net carrying amount							
At 31 December 2023		**21,640,429**	**245,015,728**	**167,937**	**70,869**	**6,964,357**	**273,859,320**

16 (a) PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) GROUP (Continued)

Information relating to property, plant and equipment:

i) The property, plant and equipment are pledged as security for facilities provided by Heidelberg Materials AG. Carrying amounts of these assets amounts to TZS 270.1 billion (2023: 273.8 billion). Refer to Note 28 for further disclosures.

ii) Included in Capital items in stock as at 31 December 2024 is TZS 1.5 billion (2023: TZS 5.6 billion previously recorded under plant and machinery) relating to standby equipment or significant components thereof (Capital items in stock) transferred from inventories to plant and machinery.

iii) No significant item of property, plant and equipment was temporarily idle/not in use as at 31 December 2024 (2023: None).

iv) Land comprised of the cost incurred in acquiring certificates of occupancy of land held by the Group. The cost was not depreciated.

v) CWIP comprises the cost of property, plant and equipment under construction, not yet ready for use, not yet delivered and/or installed and assets which cannot be used until certain other assets are acquired and installed.

vii) In the prior year, the Group wrote off items of plant and machinery with a carrying amount of TZS 362 million. These assets related primarily to cement production equipment that had become obsolete due to upgrades in production technology and changes in operational requirements. The write-off was necessary following a review of the Group's asset base, which identified equipment no longer in use and not expected to generate future economic benefits. In accordance with IAS 16 – Property, Plant and Equipment, the assets were derecognized from the books, and the loss was recognized in the statement of profit or loss under. The write-off does not relate to an impairment under IAS 36, as the assets were fully retired from use and no longer contributed to the Group's cement manufacturing operations.

16 (a) PROPERTY, PLANT AND EQUIPMENT (Continued)
(b) COMPANY

	Land and buildings TZS' 000'	Plant and machinery TZS' 000'	Motor vehicles TZS' 000'	Capital items in stock TZS'000'	Furniture, fittings and equipment TZS' 000'	Capital work in progress (CWIP) TZS' 000'	Total TZS' 000'
Cost							
At 1 January 2024	32,573,136	416,890,745	1,263,778	-	1,885,365	6,964,357	459,577,381
Additions	-	-	-	-	-	21,956,989	21,956,989
Transfer from Capital Work in Progress (CWIP)	-	6,080,831	220,063	-	-	(6,300,894)	-
Standby spares utilised[5]	-	(5,592,009)	-	1,502,799	-	-	(4,089,210)
Disposals	-	(1,312,253)	-	-	-	-	(1,312,253)
At 31 December 2024	**32,573,136**	**416,067,315**	**1,483,841**	**1,502,799**	**1,885,365**	**22,620,452**	**476,132,907**
Depreciation							
At 1 January 2024	11,347,749	171,466,075	1,094,838	-	1,812,223	-	185,720,885
Charge for the year	880,808	18,423,881	252,791	1,502,799	-	-	21,060,279
Disposals	-	(1,173,736)	-	-	-	-	(1,173,736)
At 31 December 2024	**12,228,557**	**188,716,220**	**1,347,629**	**1,502,799**	**1,812,223**	**-**	**205,607,428**
Net carrying amount							
At 31 December 2024	**20,344,579**	**227,351,095**	**136,211**	**-**	**73,142**	**22,620,452**	**270,525,479**
Cost							
At 1 January 2023	32,082,851	414,338,643	2,672,896	-	1,885,365	7,975,501	458,955,256
Additions	-	-	-	-	-	6,906,441	6,906,441
Additions to standby spares	-	467,369	-	-	-	-	467,369
Transfer from Capital Work in Progress (CWIP)	490,285	7,427,300	-	-	-	(7,917,585)	-
Standby spares utilised	-	(337,073)	-	-	-	-	(337,073)
Disposals	-	(5,005,494)	(1,409,118)	-	-	-	(6,414,612)
At 31 December 2023	**32,573,136**	**416,890,745**	**1,263,778**	**-**	**1,885,365**	**6,964,357**	**459,577,381**
Depreciation							
At 1 January 2023	10,448,770	156,352,039	2,331,974	-	1,784,578	-	170,917,361
Charge for the year	898,979	18,923,185	114,475	-	27,645	-	19,964,284
Disposals	-	(3,809,149)	(1,351,611)	-	-	-	(5,160,760)
At 31 December 2023	**11,347,749**	**171,466,075**	**1,094,838**	**-**	**1,812,223**	**-**	**185,720,885**
Net carrying amount							
At 31 December 2023	**21,225,387**	**245,424,670**	**168,940**	**-**	**73,142**	**6,964,357**	**273,856,496**

Refer to Note 16 (a) [i – v]) for further disclosures.

[5] The Group and the Company adopted accounting policy of the Ultimate Parent on recognition of spare parts as inventory for spare parts with an individual acquisition value of more than 10kEUR but less than 50kEUR. Subsequently these spare parts were transferred from property plant and equipment to inventory for utilisation.

16 (b) INTANGIBLE ASSETS

	GROUP		COMPANY	
	2024 TZS' 000'	2023 TZS' 000'	2024 TZS' 000'	2023 TZS' 000'
Cost				
At 1 January	239,050	239,050	239,050	239,050
Additions	507,853	-	507,853	-
At 31 December	**746,903**	**239,050**	**746,903**	**239,050**
Depreciation				
At 1 January	(239,050)	(239,050)	(239,050)	(239,050)
Charge for the year	-	-	-	-
At 31 December	**(239,050)**	**(239,050)**	**(239,050)**	**(239,050)**
Net carrying amount				
At 31 December	**507,853**	**-**	**507,853**	**-**

Intangible assets of TZS 508 million were capitalised in December of 2024.

17 RIGHT-OF-USE ASSETS

The Group has lease contracts for office space, printers, warehouses and residential houses with lease terms of between 1 and 4 years. The Company also has land occupancy certificates with terms of 99 years. These lease arrangements have been accounted for in accordance with IFRS 16. The Group's obligations under the leases are secured by the lessors' title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets except for the land occupancy rights. The lease contracts include extension and termination options as discussed further below.

The Group also has certain leases with lease terms of 12 months or less and some with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the year:

Group	**Leased space**	**Land occupancy rights**	**Printers**	**Total**
	TZS'000'	**TZS'000'**	**TZS'000'**	**TZS'000'**
Cost				
At 1 January 2024	881,604	84,643	417,671	1,383,918
Additions (Note 26)	142,456	-	101,240	243,696
At 31 December 2024	**1,024,060**	**84,643**	**518,911**	**1,627,614**
Depreciation				
At 1 January 2024	(878,632)	(2,978)	(342,876)	(1,224,486)
Depreciation charge	(69,025)	(1,457)	(109,506)	(179,988)
At 31 December 2024	**(947,657)**	**(4,435)**	**(452,382)**	**(1,404,474)**
Net carrying amount				
At 31 December 2024	**76,403**	**80,208**	**66,529**	**223,140**
Cost				
At 1 January 2023	1,682,171	4,449,354	417,671	6,549,196
Additions (Note 26)	-	50,664	-	50,664
Transfer to investment property	-	(129,877)	-	(129,877)
Derecognition	(800,567)	(4,285,498)	-	(5,086,065)
At 31 December 2023	**881,604**	**84,643**	**417,671**	**1,383,918**
Depreciation				
At 1 January 2023	(1,231,037)	(261,003)	(223,440)	(1,715,480)
Depreciation charge	(290,054)	(59,732)	(119,436)	(469,222)
Derecognition	642,458	317,758	-	960,216
At 31 December 2023	**(878,633)**	**(2,977)**	**(342,876)**	**(1,224,486)**
Net carrying amount				
At 31 December 2023	**2,971**	**81,666**	**74,795**	**159,432**

17 RIGHT-OF-USE ASSETS (Continued)

Company	Leased space	Land occupancy rights	Printers	Total
	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Cost				
At 1 January 2024	881,604	84,642	417,671	1,383,917
Additions (Note 28)	142,456	-	101,240	243,696
At 31 December 2024	**1,024,060**	**84,642**	**518,911**	**1,627,613**
Depreciation				
At 1 January 2024	(878,632)	(2,978)	(342,876)	(1,224,486)
Depreciation charge	(69,025)	(1,456)	(109,506)	(179,987)
At 31 December 2024	**(947,657)**	**(4,434)**	**(452,382)**	**(1,404,473)**
Net carrying amount				
At 31 December 2024	**76,403**	**80,208**	**66,529**	**223,140**
Cost				
At 1 January 2023	1,709,148	4,420,021	417,671	6,546,840
Additions (Note 28)	-	50,664	-	50,664
Derecognition	(827,544)	(4,386,044)	-	(5,213,588)
At 31 December 2023	**881,604**	**84,641**	**417,671**	**1,383,916**
Depreciation				
At 1 January 2023	(1,170,652)	(261,003)	(223,440)	(1,655,095)
Depreciation charge	(290,054)	(59,732)	(119,436)	(469,222)
Derecognition	582,074	317,759	-	899,832
At 31 December 2023	**(878,632)**	**(2,976)**	**(342,876)**	**(1,224,484)**
Net carrying amount				
At 31 December 2023	**2,972**	**81,665**	**74,795**	**159,432**

17 RIGHT-OF-USE ASSETS (Continued)

The following are the amounts recognised in profit or loss:

		Group		Company	
		2024	2023	2024	2023
	Notes	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Depreciation expense of right-of-use assets		(179,988)	(469,222)	(179,988)	(469,222)
Interest expense on lease liabilities	26	(35,714)	(610,771)	(35,714)	(617,577)
Expense relating to short-term and low value leases (included in cost of sales)		(3,820,225)	(4,022,294)	(3,820,225)	(4,022,294)
Total amount recognised in profit or loss		**(4,035,927)**	**(5,102,287)**	**(4,035,927)**	**(5,109,093)**
Cash outflows on lease arrangements					
Payments relating to the recognised lease liabilities	26	(246,553)	(884,087)	(246,553)	(890,893)
Payments for short-term leases		(3,820,225)	(4,022,294)	(3,820,225)	(4,022,294)
		(4,066,778)	**(4,906,381)**	**(4,066,778)**	**(4,913,187)**

The Group does not have lease contracts that contain variable payments or leases that had not yet commenced.

The Group has contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

The Group's directors and management have assessed that the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease terms used in determining the lease liabilities recognised cannot be reasonably estimated without undue cost and effort as they are subject to significant uncertainty in the longer term. The significant uncertainty arises from factors such as business strategy, mergers and acquisitions in the sector and competitive actions which could affect the leased-assets portfolio.

18 INVESTMENT PROPERTY

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Cost				
At 1 January	1,298,682	648,753	-	-
Transfer from property, plant and equipment	-	520,052	-	-
Transfer from right-of-use assets	-	129,877	-	-
At 31 December	**1,298,682**	**1,298,682**	**-**	**-**
Depreciation				
At 1 January	(286,465)	(133,724)		-
Transfer from property, plant and equipment	-	(130,013)	-	-
Charge for the year	(48,731)	(22,728)	-	-
At 31 December	**(335,196)**	**(286,465)**	**-**	**-**
Net carrying amount	**963,486**	**1,012,217**	**-**	**-**

The investment property comprises three commercial properties located in Moshi, Arusha and Mwanza. Management determined that the investment property consists of one class of asset, warehouses, based on the nature, characteristics and risks. Before 2018, the property was previously owner occupied and hence recognised as part of property, plant and equipment. Following the change in the Group's business model in 2018, the properties were rented to third parties and hence recognised as investment property. The amount transferred from property and equipment was the net carrying amount of the assets and the property continues to be measured at cost less depreciation and impairment.

In 2019, the Moshi property was leased by the subsidiary to the Company and was hence thereafter owner occupied in the context of the Group. Consequently, in 2019, the cost and accumulated depreciation of the Moshi warehouse was transferred to property, plant and equipment while the land occupancy rights were transferred to right-of-use assets. As of December 31, 2023, Tanga Cement ceased leasing the Moshi Warehouse. Therefore, the cost, accumulated depreciation, and land occupancy rights associated with the warehouse were reclassified back to investment property in the financial statements.

18 INVESTMENT PROPERTY (Continued)

	Group		Company	
	2024	2023	2024	2024
	TZS'000'	TZS'000'	TZS'000'	TZS' 000'
Rental income from investment property	21,186	21,186	-	-
Direct operating expenses (including repairs and maintenance) on investment property that generated rental income	-	(7,800)	-	-

The Group has no restrictions on the realizability of the investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

The rental agreements for the investment property are on annual basis with an option to renew. The agreements are cancellable with notice of three months. No contingent rent was recognised during the year (2023: None).

19 INVESTMENTS

(a) Investment in subsidiary

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Cost				
At 1 January	-	-	11,596,812	11,596,812
Additional investment	-	-	-	-
At 31 December	**-**	**-**	**11,596,812**	**11,596,812**
Impairment				
At 1 January	-	-	(11,175,817)	(11,044,248)
Impairment charge for the year (Note 10)	-	-	-	(131,569)
At 31 December	-	-	**(11,175,817)**	**(11,175,817)**
Net carrying amount	**-**	**-**	**420,995**	**420,995**

The Company has 100% interest in Cement Distributors (EA) Limited whose principal activity was distribution of cement produced by the Company. However, in 2019 the Group made a decision to change its distribution model due to changes in the market conditions whereby the Company started selling directly to third party customers without using the subsidiary as the major distributor. Furthermore, following on from this, the subsidiary's subsidiary, CDEAL Rwanda and CDEAL Burundi ceased operations, and they have been struck off from the register of companies from respective countries. Going forward, the subsidiary's business is of leasing its investment property, and providing strategic sales support to Tanga Cement PLC. This restructuring of the subsidiary's business was assessed as an impairment indicator as at year-end.

The impairment testing was done at the subsidiary level as one cash generating unit, consistent with the impairment testing done in prior periods. The recoverable amount was determined as the value-in-use. The most recent forecasts were used in determining the value-in-use. The forecasts used reflect past experience as adjusted to reflect subsequent changes in the business model of CDEAL and take into consideration relevant external and business environment factors like inflation, changes in the competitive landscape and the impact of changes in foreign exchange rates. The forecasts cover a period of 4 years. The discount rate used was 19.6 % and a projected long-term growth rate of 6% (based on long term projected inflation rate of 6%) was used to determine the terminal value. The results of the impairment test indicated that the recoverable amount of the subsidiary's cash-generating unit exceeded its carrying amount. Therefore, no additional impairment loss was recognized in the current period.

19 INVESTMENTS (Continued)

During the year, the Company did not recognize any impairment loss on its investment in the subsidiary. The total cumulative impairment remained at TZS 11.2 billion, while the cost of the investment was TZS 11.6 billion. As a result, the net carrying amount of the investment at year-end was TZS 421 million.

(b) Other disclosures on interests in other entities

The main risk associated with the interest in the consolidated structured entity is exposure to credit risk for the amount advanced to the entity.

20 FINANCIAL ASSET - INTEREST RATE CAP

The Company entered into an Interest Rate Cap (IRC) contract with Standard Chartered Bank Limited to mitigate the volatility of the interest rate on the borrowing facility of USD 45,000,000 which was held initially with Afrisam Mauritius before being transferred to Heidelberg Materials AG as per Note 28. The contract had a term of 12 years but was terminated in the early 2024. The effective date of commencement of the IRC was 27 June 2014. The premium paid was USD 6,690,000 with a floating rate of 6 months USD SOFR capped at 2%. Hedge accounting has not been adopted for the IRC instrument as the hedging arrangements did not meet the criteria for hedge accounting stipulated in IFRS.

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
At 1 January	6,466,718	7,492,379	6,466,718	7,492,379
Fair value (loss)/gain	226,090	(1,665,369)	226,090	(1,665,369)
Foreign exchange gain	-	639,708	-	639,708
Disposal	(6,692,808)	-	(6,692,808)	-
At 31 December	**-**	**6,466,718**	**-**	**6,466,718**
Net gain on the interest rate cap	**226,090**	**(1,025,661)**	**226,090**	**(1,025,661)**

The gain on the interest rate cap that are recognised in profit or loss under Note 13.

20 FINANCIAL ASSET - INTEREST RATE CAP (Continued)

The fair value measurement of the IRC is indicated below:

At 31 December 2024	**Date**	**USD**	**TZS '000'**
Valuation	01-Jan-24	2,580,461	6,466,718
Loss on fair value		96,663	226,090
Balance after fair value adjustment	28-Feb-24	2,677,124	6,692,808
Disposal	28-Feb-24	(2,677,124)	(6,692,808)
Exchange gain/(loss) on valuation	31-Dec-24	-	-
At 31 December 2023:	**Date**	**USD**	**TZS'000'**
Valuation	01-Jan-23	3,245,005	7,492,379
Gain on fair value		(664,544)	(1,665,369)
Balance after fair value adjustment	31-Dec-23	2,580,461	5,827,010
Foreign currency valuation at year end	31-Dec-23	2,580,461	6,466,718
Exchange loss on valuation			**639,708**

Refer to Note 39 for further disclosures on fair value.

	Company	
	2024	**2023**
	TZS' 000'	**TZS' 000'**
		Restated
21 TREASURY SHARES		
At 31 December	**1,825,920**	**1,825,920**

The amount was advanced to the Trust established by the Company's employees under Chapter 375 of the laws of Tanzania to purchase shares of the Company for the benefit of the Company's employees.

From the Group's perspective, the Trust is a consolidated structured entity. The Trust was set up in order to facilitate the delivery of shares to the Company's employees. The Trust holds shares that may be allocated to employees in the future. The 703,152 (2023: 703,152) shares held by the Trust are accounted for as treasury shares in the Group and Company financial statements.

The Trust Deed requires the Company to finance the expenses incurred by the Trust until when the Trust is wound up. The Trustees resolved to close this scheme and wind up the Trust once the necessary legal and regulatory procedures are completed.

22 INVENTORIES

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
		Restated		Restated
Raw materials (at cost)	4,961,657	2,782,598	4,961,657	2,782,598
Semi-finished and finished products (at cost)	39,214,311	11,598,260	39,214,311	11,598,260
Fuels (at cost)	11,398,255	12,460,774	11,398,255	12,460,774
Parts and consumables (at cost)	40,205,911	37,952,134	40,205,911	37,952,134
Goods in transit	-	5,962	-	5,963
Total cost	**95,780,134**	**64,799,728**	**95,780,134**	**64,799,729**
Provision for obsolete inventories	(12,878,273)	(16,128,207)	(12,878,273)	(16,128,207)
Total inventory at the lower of cost and net realisable value	**82,901,861**	**48,671,521**	**82,901,861**	**48,671,522**

Movement in the provision for obsolete inventory:				
At 1 January	16,128,207	11,051,972	16,128,207	11,051,972
(Decrease)/Increase for the year – Slow moving items	(3,249,934)	5,076,235	(3,249,934)	5,076,235
At 31 December	**12,878,273**	**16,128,207**	**12,878,273**	**16,128,207**

The obsolete inventory provision is computed on spare parts not used for a period above one-year percentage wise. The change in the provision during the year is recognised under cost of sales. The table below indicates how the provision was arrived at:

Calculation for the provision for obsolete inventory as at 31 December 2024

Group and Company	**Amount in TZS '000'**	**% Provision**	**Provision in TZS '000'**
Inventory with no movement in less than two years	77,115,225	0	-
Inventory with no movement between 2 - 3 years	3,820,818	(20%)	(764,164)
Inventory with no movement between 3 - 4 years	1,494,488	(40%)	(597,795)
Inventory with no movement between 4 - 5 years	1,389,573	(60%)	(833,744)
Inventory with no movement between 5 - 6 years	1,020,288	(80%)	(816,230)
Inventory with no movement for the past 6+ years	10,734,014	(90%)	(9,660,613)
Obsolete Inventory written off	205,727	(100%)	(205,727)
	95,780,134		**(12,878,273)**

Calculation for the provision for obsolete inventory as at 31 December 2023

Group and Company	**Amount in TZS '000'**	**% Provision**	**Provision in TZS '000'**
Inventory with no movement in less than two years	42,123,494	0	-
Inventory with no movement for the past 1 - 2 years	6,634,851	(30%)	(1,990,455)
Inventory with no movement for the past 3 - 5 years	3,863,730	(60%)	(2,318,239)
Inventory with no movement for the past 6 - 10 years	3,581,407	(90%)	(3,223,267)
Inventory with no movement for the past 10+ years	8,596,246	(100%)	(8,596,246)
	64,799,728		**(16,128,207)**

The provisioning rates are based on management's estimates of the rate at which spare parts are written off based on experience. During 2024, no expense was recognised for inventory carried at net realisable value (2023: Nil). The unrealised profit for the year relating to inventory held by the subsidiary was nil (2023: Nil).

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
23 TRADE AND OTHER RECEIVABLES				
Trade receivables from third party	17,934,347	10,030,160	17,514,652	9,610,665
Trade receivables from related parties	78,148	-	1,191,060	798,274
Allowance for expected credit losses (ECLs)	(7,592,294)	(6,603,001)	(7,772,470)	(6,981,780)
	10,420,201	**3,427,159**	**10,933,242**	**3,427,159**
Prepaid expenses	4,886,629	1,624,086	4,545,385	1,597,860
Other receivables*	7,086,492	29,200,743	7,024,133	29,192,655
	11,973,121	**30,824,829**	**11,569,518**	**30,790,515**
Net trade and other receivables	**22,393,322**	**34,251,988**	**22,502,760**	**34,217,674**

*Other receivables include advance payments to suppliers.

Movement in the gross trade receivables amount:				
At 1 January	10,030,160	8,055,166	10,408,939	8,055,132
Invoices raised during the year	230,846,220	215,101,805	230,846,220	215,101,805
Payments received during the year	(222,863,885)	(213,126,811)	(222,549,447)	(212,747,998)
At 31 December	**18,012,495**	**10,030,160**	**18,705,712**	**10,408,939**
Movement in ECL				
At 1 January	6,603,001	5,675,105	6,981,780	6,013,435
Increase in ECLs (Note 10)	994,953	927,896	797,699	968,345
Written off	(5,660)	-	(7,009)	-
At 31 December	**7,592,294**	**6,603,001**	**7,772,470**	**6,981,780**

The allowance for ECL is made up as follows:

Trade receivables	7,590,686	6,603,001	7,768,862	6,981,780
Other receivables	3,608	-	3,608	-
	7,594,294	**6,603,001**	**7,772,470**	**6,981,780**

The ECLs are based on the Company's provisioning matrix. The matrix considers the historical default rate by analysing monthly aging analysis for the past three years and taking into consideration strongly correlated forward looking macro-economic factors like GDP growth rate and inflation rate. Default is defined as debtors past due by more than 120 days.

Trade receivables are non-interest bearing and are generally on terms of 7 days, 14 days and 30days. The increase in trade receivables is due to increased sales during the year.

Days sales outstanding were	28	17	29	18

23 TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of trade receivables was as follows:

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Current	4,494,208	1,375,713	4,494,208	1,375,713
Up to 30 days	4,177,700	1,209,654	4,177,700	1,209,654
31 - 60 days	1,242,840	920,199	1,242,840	920,199
61 - 120 days	1,511,886	553,255	1,511,886	553,255
121-180 days	299,228	397,622	299,228	397,622
Over 180 days	6,286,633	5,573,717	6,665,212	5,952,496
At 31 December	**18,012,495**	**10,030,160**	**18,391,074**	**10,408,939**

For details on the Group's and the Company's Credit risk management processes and the carrying amounts of the Company's and Group's trade and other receivables which are denominated in different currencies, refer to Note 36 (b).

The carrying amounts of the above receivables approximate to their fair values because they are short term in nature and there is no additional credit risk that has not been considered in the ECL allowance.

The maximum exposure to credit risk at the reporting date is the carrying amount of the trade receivables presented above. As at year-end, the Group and the Company held bank guarantees, cash deposits and letters of credit as security for some of the trade receivables.

24 CASH AND BANK BALANCES

Cash on hand	14,074	17,936	14,074	17,936
Bank balances	19,481,478	4,343,435	19,337,912	4,274,439
Gross cash and bank balances	**19,495,552**	**4,361,371**	**19,351,986**	**4,292,375**
Expected credit losses:				
At 1 January	(2,260)	(759)	(2,119)	(640)
(Increase)/Decrease for the year (Note 10)	(1,349)	(1,501)	(1,490)	(1,479)
At 31 December	**(3,609)**	**(2,260)**	**(3,609)**	**(2,119)**
Net carrying amount	**19,491,943**	**4,359,111**	**19,348,377**	**4,290,256**

The expected credit losses are calculated as the product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The EAD is the amortized cost value of the respective deposit. Recent ratings for the counterparties and historical S&P recovery rates were used to determine the LGD and loss rates. The bank balances are low credit risk assets (Stage 1) as there is no history of default and the banks are regulated by Bank of Tanzania which monitors the financial performance and standing of the banks. The carrying amounts disclosed above reasonably approximate fair values at the reporting date. The cash and cash equivalents position for the purpose of the consolidated and separate statements of cash flows was as follows:

	Notes				
Cash and cash equivalents as above		19,491,943	4,359,111	19,348,377	4,290,256
Bank overdrafts	28(b)	(12,914,368)	(38,755,979)	(12,914,368)	(38,755,979)
Net cash and cash equivalents		**6,577,575**	**(34,396,868)**	**6,434,009**	**(34,465,723)**

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
25 ISSUED CAPITAL				
(a) Authorised				
63,671,045 Ordinary shares of TZS 20 each	**1,273,421**	**1,273,421**	**1,273,421**	**1,273,421**
(b) Issued and fully paid				
63,671,045 Ordinary shares of TZS 20 each	**1,273,421**	**1,273,421**	**1,273,421**	**1,273,421**

There were no movements in the share capital of the Company during the year (2023: None). The Company has only one class of ordinary shares which carries no right to fixed income. The ownership structure is as set out as below:

	%	%	%	%
Heidelberg Materials A.G	68.33	68.33	68.33	68.33
The Registered Trustees of the TCCL Employees' Share Trust	1.10	1.10	1.10	1.10
General public	30.57	30.57	30.57	30.57
	100.00	**100.00**	**100.00**	**100.00**

26 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

At 1 January	279,943	5,000,047	279,943	4,884,498
Additions (Note 17)	243,696	50,664	243,696	50,664
Derecognition	(13,170)	(4,497,453)	(13,170)	(4,381,904)
Interest expense on lease liabilities	35,714	617,577	35,714	617,577
Payments - interest	(35,714)	(529,193)	(35,714)	(529,193)
Payments - principal	(210,839)	(361,700)	(210,839)	(361,700)
At 31 December	**299,630**	**279,942**	**299,630**	**279,942**

Maturity analysis of the lease liabilities:

Current	299,630	35,447	299,630	35,447
Non-current	-	244,495	-	244,495
	299,630	**279,942**	**299,630**	**279,942**

	Group		Company	
	2024	2023	2024	2023
	TZS' 000	TZS' 000	TZS' 000	TZS' 000

26 LEASE LIABILITIES (Continued)

The following are the minimum lease payment commitments considered under IFRS 16:

Relating to recognised liabilities				
Present value of minimum lease commitments	299,630	279,943	299,630	279,943
Future finance costs	-	121,807	-	121,807
Minimum lease commitments	**299,630**	**401,750**	**299,630**	**401,750**

Maturity analysis of lease commitments:				
- Within one year	299,630	204,013	299,630	204,013
- Within two to five years	-	56,876	-	56,876
- After five years	-	140,861	-	140,861
	299,630	**401,750**	**299,630**	**401,750**

Further details on the maturity analysis of the lease liabilities are disclosed in Note 36.

The Group and the Company have no significant leasing arrangements with restrictions or purchase options (2023: None). The leases have no escalation clauses.

In accordance with IFRS 16, the Group applies the incremental borrowing rate (IBR) to discount lease liabilities where the interest rate implicit in the lease is not readily determined. The IBR represents the rate of interest that the Group would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value in a similar economic environment.

The IBR is determined through consultation with our banking partners who estimate the rate-using government securities yield as benchmarks.

The minimum lease payments were discounted using the following incremental borrowing rates:

	Maturity		**2024 and 2023**
		Company	**CDEAL Tanzania**
Warehouses	July 2024	12%	-
Office space	October 2024	12%	-
Land	June 2026	15%	-
Printers	October 2024	13% and 14%	-

27 PROVISION FOR SITE RESTORATION

	Group		Company	
	2024 TZS' 000'	2023 TZS' 000'	2024 TZS' 000'	2023 TZS' 000'
At 1 January	30,328	30,014	30,328	30,014
Additional provision during the year	-	314	-	314
At 31 December	**30,328**	**30,328**	**30,328**	**30,328**

The provision for site restoration is calculated at every reporting date basing on the costing estimates prepared by the environmental specialist. The provision is assessed annually by management and new cost estimates are prepared by the environmental specialist every two years. The increase in the provision is recognised in profit or loss under cost of sales while decreases are recognised under other income.

The key assumptions used in determining the provision are:

- The useful life of the site is estimated to be 50 years, and the provision is made based on the discounted expected cost of closure at the end of this period.
- The discount rate used was 15.95% (2023: 14.42%).
- The site is of medium risk and medium sensitivity.
- Tanzania inflation rate used was 3.2% (2023: 3.0%).
- The estimated actual site restoration cost assuming closure happened as at year-end was TZS 5.1 billion (2023: TZS 7.28 billion).

28 INTEREST - BEARING BORROWINGS

The details of the external borrowing facilities as at year-end were as set out below:

(a) Term Borrowing – Heidelberg Materials AG

	Group		Company	
Heidelberg Materials AG Loan A & B	2024 TZS' 000'	2023 TZS' 000'	2024 TZS' 000'	2023 TZS' 000'
At 1 January	233,408,082	196,354,297	233,408,082	196,354,297
Interest accrued	26,799,684	19,545,518	26,799,684	19,545,518
Reclassification of WHT to other payable	(8,310,388)	-	(8,310,388)	-
Foreign exchange differences	(1,921,300)	17,508,267	(1,921,300)	17,508,267
At 31 December	**249,976,078**	**233,408,082**	**249,976,078**	**233,408,082**
AfriSam Term Loan Facility				
Principal received	-	12,626,182	-	12,626,182
Interest accrued	-	1,430,679	-	1,430,679
Loan repayment	-	(12,673,365)	-	(12,673,365)
Interest paid	-	(2,502,042)	-	(2,502,042)
Foreign exchange differences	-	1,118,546	-	1,118,546
At 31 December	-	-	-	-
Total	**249,976,078**	**233,408,082**	**249,976,078**	**233,408,082**
Less: Current portion**	249,976,078	233,408,082	249,976,078	233,408,082
Non-current portion	-	-	-	-

28 INTEREST - BEARING BORROWINGS (Continued)

(a) Term Borrowing – Heidelberg Materials AG

In the prior year ended 31 December 2023, the Company classified an intercompany loan from Heidelberg Materials AG amounting to TZS 250 million as a non-current liability, based on the Group's financial support arrangements and the expectation that repayment would not be required within 12 months from the reporting date.

During the year ended 31 December 2024, the loan remained outstanding. However, at the reporting date, the supporting arrangements included a standstill agreement valid for eight (8) months post year-end and a letter of financial support providing assistance for eleven (11) months after the reporting date. As neither arrangement provided an **unconditional right** to defer repayment beyond 12 months from the reporting date, and no formal refinancing or extension agreement was in place at year-end, the loan has been **reclassified from non-current to current liability** in accordance with IAS 1.69.

The reclassification reflects a change in the assessment of the timing of the repayment obligation, rather than any deterioration in the Company's relationship with the lender or financial condition. Management continues to engage with the related party regarding possible extension or rollover of the facility in the ordinary course of business.

Availed facilities	USD	Repayment/ Settlements terms	Interest rate
Term Loan (Facility A)	60,000,000	By September 2027	6m SOFR+5.03%
Term Loan (Facility B)	52,000,000	By April 2027	6m SOFR +5.2%
	112,000,000		

The purpose of the term loan was to fund the construction of a new production line with a kiln for the production of 750,000 tons of clinker per annum. The specific terms and conditions are as follows:

(i) All two facilities had a three-year grace period for repayments, during which only interest will be paid.
(ii) All two facilities are repayable in equal six-monthly instalments after the initial grace period except as agreed between the Company and lender.
(iii) The borrower may, with the agreement of the lender and on 30 days' notice, make early repayments with a minimum value of USD 2,500,000.
(vi) Amounts repaid early are not available for re-borrowing.
(v) Penalty interest charge of 2% shall be accrued on the unpaid sum from the default date up to the date upon which the waiver for the Debt to EBITDA ratio covenant lapses.

Security pledged

(i) Secured by fixed and floating assets
(ii) Legal Mortgage over Title No. 1802 registered in the name of Tanga Cement Factory, Maweni.
(iii) Legal Mortgage over Title No. 33155 registered in the name of Tanga Cement Factory, Pongwe.
(iv) Legal Mortgage over Title No. 33049 registered in the name of Tanga Cement Factory, Raskazone.

28 INTEREST - BEARING BORROWINGS (Continued)

(b) Standard Chartered loan

Details

The Company had entered into an agreement with Standard Chartered bank for the provision of below facility relating to working capital requirements of the business.

Facility *USD 25 million Short Term loan facility*	Loan type	Interest rate	Maturity	Group and Company 2024 TZS' 000'	Group and Company 2023 TZS' 000'
2024: USD 17,508,824 (2023: Nil)	Short term loan	6 months SOFR + 2.5% per annum	By December 2025	43,772,061	-
			Fx revaluation at year end	(95,361)	-
Total principal amount				**43,676,700**	-
Interest accrued				4,216,173	
Loan repayment				(3,654,000)	
Interest paid				(2,716,058)	-
Reclassification from other payables				1,828,844	-
Total amount outstanding				**43,351,659**	-

(c) Bank overdraft facilities

	Group 2024 TZS' 000'	Group 2023 TZS' 000'	Company 2024 TZS' 000'	Company 2023 TZS' 000'
Standard Chartered Bank Tanzania Limited	12,914,368	38,755,979	12,914,368	38,755,979
	12,914,368	**38,755,979**	**12,914,368**	**38,755,979**

Details		Repayment/ Settlements terms	Interest rates
Overdraft facility	USD 1,000,000	On demand	USD: 6 months SOFR + 6% per annum
	TZS 14,184,774,626	On demand	

Security held by the bank

(i) Secured by fixed and floating assets

(ii) Legal Mortgage over Titles No. 1802, 33155, 33049 registered in the name of Tanga Cement Factory.

Interest rate

The overdraft bears a rate of interest of 6 months SOFR rate plus 6% per annum (2023: 6 months SOFR rate plus 6% per annum) for amounts drawn down in USD and interest rate at the 182 days treasury bill rate plus 2.75% per annum (2023: 182 days treasury bill rate plus 2.75% per annum) for amounts drawn down in TZS, charged every month on the daily outstanding amounts drawn down in TZS. It is agreed that the bank is entitled to vary the rate of interest provided that due notice shall be given to the Company.

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
29 TRADE AND OTHER PAYABLES				
a. Trade Payables and Other Payables				
Trade accounts payable to third parties	17,246,432	27,489,578	17,226,267	27,469,254
Trade accounts payable to related parties	725,117	-	725,117	215,704
Freight and duty clearing	2,991,836	1,329,990	2,991,836	1,329,990
Dividend payable	857,195	857,195	857,195	857,195
Accrued expenses	10,405,171	-	10,330,075	-
Other payables	39,372,807	46,842,274	39,262,950	46,401,130
	71,598,558	**76,519,037**	**71,393,440**	**76,273,273**
b. General Provisions				
At 01 January	17,208,785	16,772,080	16,990,869	16,772,080
Additional provision during the year	-	-	-	-
Payments made during the year	(7,739,264)	436,705	(7,292,442)	218,789
At 31 December	**9,469,521**	**17,208,785**	**9,698,427**	**16,990,869**

The other payables balance as at year-end comprises accruals for received but not yet invoiced goods of TZS 14.9 billion and TZS 15.1 billion (2023: TZS 22.9 billion and TZS 22.9 billion) for the Group and Company respectively. The remaining balance includes provisions for excise duty tax, accruals for cement transportation, provision for leave pay and other general provisions. The accrued expense balance comprises entirely of provisions for services enjoyed by the group but not yet invoiced, as well as provisions for litigations amounting to TZS 1 billion with probable chances of losing.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice.
- Advances from customers are non-interest bearing and have an average term of 30 days. (Refer to Note 30).
- Other payables are non-interest bearing and have an average term of three to six months.
- For terms and conditions relating to related parties, refer to Note 33.

The carrying amounts of the above trade and other payables approximate to their fair values due to the short-term nature of the financial liabilities.

30 CONTRACT LIABILITIES

Contract liabilities comprise advance payments received from customers for services and goods not delivered by year-end and volume rebates payable to customers upon meeting the set purchase targets.

The contract liabilities are made up as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
Volume rebates	4,063,525	1,378,481	4,063,525	1,378,481
Advance payments from customers	3,224,555	3,805,730	3,224,555	3,805,730
	7,288,080	**5,184,211**	**7,288,080**	**5,184,211**
Movement in contract liabilities:				
Volume rebates				
At 1 January	1,378,481	535,990	1,378,481	535,990
Rebates awarded during the year	31,821,684	13,642,192	31,821,684	13,642,192
Rebates paid during the year	(29,136,640)	(12,799,701)	(29,136,640)	(12,799,701)
At 31 December	**4,063,525**	**1,378,481**	**4,063,525**	**1,378,481**
Advances payments from customers				
At 1 January	3,805,730	6,987,306	3,805,730	7,346,474
Advances received during the year	43,549,915	223,230,269	43,549,915	223,230,269
Advances amortised to revenue	(44,131,090)	(226,411,845)	(44,131,090)	(226,771,013)
At 31 December	**3,224,555**	**3,805,730**	**3,224,555**	**3,805,730**

30 CONTRACT LIABILITIES (CONTINUED)

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000' Restated	TZS' 000'	TZS' 000' Restated

The carrying amount of the advance payments from customers represents the aggregate amount of the transaction price for the performance obligations not satisfied at year-end. These performance obligations are expected to be satisfied during the following year.

31 CASH GENERATED FROM OPERATING ACTIVITIES

Reconciliation of operating profit to cash flows from operating activities:

	Note	Group 2024	Group 2023	Company 2024	Company 2023
Loss before tax		(1,822,449)	(98,438,886)	(1,683,630)	(98,035,104)
Adjusted for non-cash items:					
Depreciation charge	16	19,787,406	19,396,401	19,737,468	19,372,466
Depreciation charge for Capital items in stock		1,502,799	-	1,502,799	-
Standby spares utilised/Capital items in stock	16	5,592,009	-	5,592,009	-
Unrealised forex loss	28 (a)	(1,921,300)	18,626,813	(1,921,300)	18,626,813
Impairment charge	10	205,727	-	205,727	-
Increase/(decrease) in ECL on bank balances	10	1,349	1,501	1,490	1,479
Increase in ECL on trade receivables	10	996,302	927,896	797,699	968,345
Interest income	12	(102,136)	(2,585,419)	(102,136)	(2,585,419)
Increase in provision for leave pay	29	(435,406)	274,733	(650,586)	207,558
Interest expense	11	33,515,513	23,523,663	33,515,513	23,523,663
Revaluation (gain)/loss	13	(226,090)	1,665,369	(226,090)	1,665,369
Loss on de-recognition and disposal of PPE	10	(138,517)	901,296	138,517	901,296
Gain on de-recognition of Right of Use of Assets	17	-	(421,596)	-	(68,149)
Write off other assets	7 (b)	-	473,359	-	81,086
Increase in provision for obsolete inventories	22	(3,249,934)	5,076,235	(3,249,934)	5,076,235
Increase in site restoration provision	27	-	314	-	314
Operating profit before working capital changes		**53,705,273**	**(30,578,321)**	**53,657,545**	**(30,264,048)**
Increase in inventories - less provisions*		(28,695,812)	27,441,761	(28,695,812)	27,441,761
(Increase)/decrease in trade and other receivables - gross		5,551,689	(18,549,036)	5,568,323	(18,564,538)
Increase in trade and other payables		(4,208,043)	28,043,205	(4,229,246)	27,999,080
(Decrease)/increase in contract liabilities		2,103,869	(2,339,085)	2,103,869	(2,698,253)
Cash generated from operating activities		**28,456,976**	**4,018,524**	**28,404,678**	**3,914,002**

* The movement of inventory items in 2024 for both Group and Company have not included non-cash items such as capital items in stock that moved from Inventory to Property, plant and equipment.

31 CASH GENERATED FROM OPERATING ACTIVITIES (CONTINUED)

*** Depreciation charge includes:**				
- Charge on property, plant, and equipment (Note 16)	21,061,486	18,904,451	21,060,279	18,903,244
- Charge on right-of-use assets (Note 17)	179,988	469,222	179,988	469,222
- Charge on investment property (Note 18)	48,731	22,728	-	-
	21,290,205	**19,396,401**	**21,240,267**	**19,372,466**

32 DIVIDENDS

No dividend was proposed, approved or paid during the year (2023: None).

Previously, any dividends not claimed after seven years were rescinded. In 2018, the 2010 unclaimed dividends amounting to TZS 41.3 million were rescinded. The policy was rescinded in 2019 following the Capital Market Security Authority published guidance. As such, no dividends were rescinded during the year.

33 RELATED PARTY DISCLOSURES

Refer to Note 38 for the disclosures on the ultimate holding company.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

		Group		Company	
		2024	2023	2024	2023
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
(a) Sales to related parties					
Related party	**Relationship**				
Tanzania Portland Cement Company	Fellow subsidiary	33,952,892	-	33,952,892	-
(a) Purchases from related parties					
Related party	**Relationship**				
CDEAL - Rental Income	Subsidiary	-	-	-	95,396
CDEAL - Management service fees	Subsidiary	-	-	425,592	441,057
AfriSam South Africa (Pty) Ltd - Reimbursable expenses	Fellow subsidiary	-	7,824,732	-	7,824,732
Heidelberg Materials AG (2023:PIC (SAGEPF)) - interest expense	Parent (2023: Shareholder)	26,799,684	19,545,518	26,799,684	19,545,518
AfriSam Facility - interest expense	Shareholder	-	1,430,679	-	1,430,679
Afrisam Facility - principal loan and interest payment	Shareholder	-	(15,175,407)	-	(15,175,407)

After purchasing 68.3% of Tanga Cement shares from Afrisam on November 2023, Heidelberg Materials AG became the immediate holding company which owns the majority of the shares in the Company. The transactions disclosed above for HMAG relate to the interest expense for the acquired term loans. After the purchase of majority shares by Heidelberg Materials from Afrisam, Afrisam South Africa (Pty) Ltd ceased to be a related party to Tanga Cement PLC.

33 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and Company, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Compensation for key management personnel

Short-term employee benefits (salary)	1,078,272	3,380,584	1,078,272	3,380,584
Post-employee benefits (Defined contribution plans)	115,280	369,735	115,280	369,735
	1,193,552	**3,750,319**	**1,193,552**	**3,750,319**

The amounts disclosed above are the amounts recognised as expenses during the reporting period related to key management personnel. As at 31 December 2024, there was no outstanding amount with key management personnel (2023: Nil).

(b) Key management personnel (Continued)

	Group		Company	
	2024	**2023**	**2024**	**2023**
Directors' emoluments	**TZS' 000'**	**TZS' 000'**	**TZS' 000'**	**TZS' 000'**
Non-executive Chairman	-	36,428	-	36,428
Non-executive Directors	33,218	64,165	33,218	64,165
	33,218	**100,593**	**33,218**	**100,593**

As at 31 December 2024, there were no outstanding balance with the directors (2023: Nil).

(c) Amounts due to/from related parties

Balances due to/from related parties were as follows:

		Group		Company	
		2024	**2023**	**2024**	**2023**
		TZS' 000'	**TZS' 000'**	**TZS' 000'**	**TZS' 000'**
Due from related parties					
Tanzania Portland Cement Company	23	78,148	-	78,148	-
Cement Distributors (EA) Limited	23	-	-	1,112,912	798,274
Total		**78,148**	**-**	**1,191,060**	**798,274**
Due to related companies					
Heidelberg Materials AG - term loan	28	249,976,078	233,408,082	249,976,078	233,408,082
Heidelberg Materials AG	29	718,067	-	718,067	-
Heidelberg Materials Suez CE	29	7,050	-	7,050	-
Total		**250,701,195**	**233,408,082**	**250,701,195**	**233,408,082**

The amount due from CDEAL relates to various services provided to the Company.

33 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Amounts due to/from related parties (Continued)

Except for the Heidelberg Materials term loan (2023: PIC loan), the outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The terms and conditions for the Heidelberg Materials term loan (2023:PIC loan) are disclosed in Note 28(a).

The ECL assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the related party operates.

	Group		Company	
	2024	2023	2024	2023
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
34 COMMITMENTS				
Capital commitments				
As at the reporting date, the Group had the following capital commitments:				
Approved and contracted for Capital projects	2,816,295	1,591,689	2,816,295	1,591,689

Long Term Incentive Scheme

This scheme replaced the previous share trust scheme starting in October 2017. The Board is responsible for the operation and administration of the scheme. The scheme will last for seven years. The employees can start to exercise one third of the allocation after three years subject to the appreciation of the units. Only permanent employees are eligible to participate in the scheme and are entitled to receive cash. The units are allocated according to the salary grade of the employee. No upfront payments, loan advances or dividend payments for repayment of the units are provided for in the scheme.

The liability is calculated based on appreciation of the unit value, as the excess above TZS 1,360 per unit of the Company's share price as published on the Dar es Salaam Stock Exchange (DSE).

As such, a liability of TZS 43 million has been recognised in 2024 as the appreciation value was above the allocation value (2023: TZS 534 million).

Group as Lessor

The Group has entered into operating leases on its warehouses. These leases have terms of between 6 months to 12 months. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The Leases are renewable after their expiry. Rental income recognised by the Group during the year is TZS 21 million (2023: TZS 21 million) as stated in Note 7.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
Within one year	-	21,186	-	
After one year but not more than five years*	-	84,744	-	

*The balances disclosed under this category have taken into consideration the renewal options available in the lease contracts.

35 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt bank overdrafts, interest-bearing borrowings, lease liabilities, trade and other payables less cash and bank balances. Capital includes issued and fully paid share capital (including any treasury shares), retained earnings and other reserves.

		Group		Company	
		2024	2023	2024	2023
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Lease liabilities	26	299,630	279,943	299,630	279,943
Bank overdrafts	28(b)	12,914,368	38,755,979	12,914,368	38,755,979
Term borrowings	28(a)	293,327,737	233,408,082	293,327,737	233,408,082
Less: Cash and bank balances	24	(19,491,943)	(4,359,111)	(19,348,377)	(4,290,256)
Net debt		**287,049,792**	**268,084,893**	**287,193,358**	**268,153,748**
Total capital		10,458,202	17,141,832	9,609,372	16,154,183
Capital and net debt		**297,507,994**	**285,226,725**	**296,802,730**	**284,307,931**
Gearing ratio		**96%**	**94%**	**97%**	**94%**

The Group's and Company's policy is to maintain a gearing ratio of below 80%.

Net Debt Reconciliation:
Net debt comprises lease liabilities and borrowings. Changes in these financing liabilities, in line with the requirements of IAS 7, are disclosed in the respective notes and reflect both cash and non-cash movements during the year. Detailed reconciliations of the movements in lease liabilities and borrowings are provided in Notes 26 and 28, respectively.

36 FINANCIAL RISK MANAGEMENT

The Group's and the Company's financial assets are categorised as debt instruments at amortised cost ("at amortised cost") except for the interest rate cap classified as at fair value through profit or loss ("FVTPL") on initial recognition. All the Group's and Company's financial liabilities are classified as financial liabilities measured at amortised cost ("at amortised cost") except for the forward currency contracts derivatives which are classified as at fair value through profit or loss (FVTPL) on initial recognition. The carrying amounts of these financial instruments are presented below:

	Group			Company		
At 31 December 2024	**Amortised cost TZS' 000'**	**FVTPL TZS' 000'**	**Total TZS' 000'**	**Amortised cost TZS' 000'**	**FVTPL TZS' 000'**	**Total TZS' 000'**
Financial assets						
Trade and other receivables	10,420,201	-	10,420,201	10,933,242	-	10,933,242
Cash and bank balances	19,491,943	-	19,491,943	19,348,377	-	19,348,377
	29,912,144	**-**	**29,912,144**	**30,281,619**	**-**	**30,281,619**
Financial liabilities						
Lease liabilities	299,630	-	299,630	299,630	-	299,630
Term borrowings	293,327,737	-	293,327,737	293,327,737	-	293,327,737
Trade and other payables	59,029,575	-	59,029,575	59,045,499	-	59,045,499
Bank overdrafts	12,914,368	-	12,914,368	12,914,368	-	12,914,368
	365,571,310	**-**	**365,571,310**	**365,587,234**	**-**	**365,587,234**

36 FINANCIAL RISK MANAGEMENT (Continued)

At 31 December 2023	Group			Company		
	Amortised cost TZS' 000'	FVTPL TZS' 000'	Total TZS' 000'	Amortised cost TZS' 000'	FVTPL TZS' 000'	Total TZS' 000'
Financial assets						
Financial asset - Interest rate cap	-	6,466,718	6,466,718	-	6,466,718	6,466,718
Trade and other receivables	3,427,159	-	3,427,159	3,427,159	-	3,427,159
Cash and bank balances	4,359,111	-	4,359,111	4,290,256	-	4,290,256
	7,786,270	**6,466,718**	**14,252,988**	**7,717,415**	**6,466,718**	**14,184,133**
Financial liabilities						
Lease liabilities	279,943	-	279,943	279,943	-	279,943
Term borrowings	233,408,082	-	233,408,082	233,408,082	-	233,408,082
Trade and other payables	70,291,525	-	70,291,525	70,542,318	-	70,542,318
Bank overdrafts	38,755,979	-	38,755,979	38,755,979	-	38,755,979
	342,735,529	**-**	**342,735,529**	**342,986,322**	**-**	**342,986,322**

Financial risk management policies

The Group does enter into derivative transactions for trading purposes. The main purpose of the Group's financial liabilities is to raise finance for the Group's operations except for the derivative financial liabilities (forward currency contracts) which are hedging instruments against foreign exchange rate fluctuations on the SAGEPF (PIC) loan repayments. The Group's financial assets arise directly from operations except for the derivative financial asset (interest rate cap) which is a hedging instrument against interest rate fluctuations on the SAGEPF (PIC) loan. The main risks arising from the Group's and the Company's financial instruments are liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The Group and the Company do not have significant exposure to price risk since no price sensitive financial instruments are held.

Policies are reviewed and agreed upon at the Group level in order to manage the financial risks as summarised below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks relevant to the Group and the Company comprise of two types of risks: interest rate risk and foreign currency risk.

The sensitivity analysis in the following sections relate to the positions as at 31 December in 2024 and 31 December 2023. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at year-end. The analysis is done for financial instruments.

36 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

The following assumption has been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in the respective market risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to the risk of changes in market interest rates relates primarily to the long-term debt and overdraft facilities with floating interest rates.

To manage the interest rate risk on the long-term loan, the Company entered into an interest rate cap arrangement with Standard Chartered Bank which caps the floating USD 6 months SOFR at 2%. The interest rate cap agreement with the bank is for a period of 12 years and covers the first USD 45 million of the total principal amount owing of USD 73.1 million resulting in an unhedged debt amount of USD 35.6 million, which was 61.53% of the principal term loan debt as at year-end. The premium paid upfront for the interest rate cap was USD 6.7 million.

The Group has used a sensitivity analysis technique that measures the estimated change in profit before tax of an instantaneous increase and decrease of 100 basis points (1%) in market interest rates on variable interest rate bearing financial instruments with all other variables remaining constant. The calculations are determined with reference to the total unhedged outstanding term loan balances for the year. This represents no change in the method and assumptions used in the prior year. This analysis is for illustrative purposes only and represents management's best estimate of a reasonably possible change in market interest rates in the medium term. Although market indicators are that interest rates are more likely to increase, both a 1% increase and a 1% decrease have been used for purposes of comparative sensitivity analysis.

	Effect on loss before tax		Effect on equity	
2024 Group and Company	**1% increase**	**1% decrease**	**1% increase**	**1% decrease**
	TZS'000'	**TZS'000'**	**TZS'000'**	**TZS'000'**
Variable interest-bearing financial instruments				
Term borrowings	(2,933,277)	2,933,277	(2,053,294)	2,053,294
Bank overdraft	(129,144)	129,144	(90,401)	90,401
	(3,062,421)	**3,062,421**	**(2,143,695)**	**2,143,695**
2023 Group and Company				
Term borrowings	(1,206,366)	1,206,366	(844,456)	844,456
Bank overdraft	(387,560)	387,560	(271,292)	271,292
	(1,593,926)	**1,593,926**	**(1,115,748)**	**1,115,748**

The Company's investments in interest bearing bank deposits are mainly on negotiated fixed interest rates.

The table below summarises the Group's and the Company's exposure to interest rate risk. Included in the table are the Group's and the Company's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

36 FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, when expenses are denominated in a different currency from the Group's and the Company's functional currency.

Foreign currency risk is managed at an operational level and monitored by the Chief Financial Officer. Exposure to losses from foreign currency liabilities is managed through prompt payment of outstanding liabilities and matching of receipts with payments in the same currencies.

The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling (TZS) and foreign currencies (mainly US dollar, exposures in other currencies are considered to be immaterial), with all other variables held constant, of the Group's and the Company's equity (due to changes in the fair value of monetary assets and liabilities).

	2024		2023	
Group	Increase/ (decrease) in the value of TZS vs. USD	Effect on loss and equity TZS'000	Increase/ (decrease) in the value of TZS vs. USD	Effect on loss and equity TZS'000
Net effect based on statement of financial position	+10%	28,048,789	10%	(22,565,655)
Net effect based on statement of financial position	(10%)	(28,048,789)	(10%)	22,565,655
Company				
Net effect based on statement of financial position	+10%	28,048,789	10%	22,565,655
Net effect based on statement of financial position	(10%)	(28,048,789)	(10%)	22,565,655

The Group's and the Company's sensitivity analysis has been determined based on net transaction exposure as at year-end. A change of 10% is used when the net foreign currency transaction risk is reported internally to key management personnel to assess a reasonably possible change in foreign exchange rates.

36 FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

The various currencies to which the Group and the Company were exposed as 31 December 2024 and 31 December 2023 are summarised in the table below (All amounts expressed in TZS '000).

	Group - At 31 December 2024			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Trade and other receivables	614,998	-	-	614,998
Cash and bank balances	13,847,018	1,573,730	209,591	15,630,339
	14,462,016	**1,573,730**	**209,591**	**16,245,337**
Financial liabilities				
Term borrowings	293,327,727	-	-	293,327,727
Trade and other payables	1,622,183	1,792,393	252,191	3,666,767
	294,949,910	**1,792,393**	**252,191**	**296,994,494**
Net exposure	**(280,487,894)**	**(218,663)**	**(42,600)**	**(280,749,157)**

	Group - At 31 December 2023			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	6,466,718	-	-	6,466,718
Trade and other receivables	8,847	-	-	8,847
Cash and bank balances	3,402,452	173,397	3,357	3,579,206
	9,878,017	**173,397**	**3,357**	**10,054,771**
Financial liabilities				
Lease liabilities	-	-	-	-
Term borrowings	233,408,082	-	-	233,408,082
Trade and other payables	2,126,494	2,571,701	7,846,955	12,545,150
	235,534,576	**2,571,701**	**7,846,955**	**245,953,232**
Net exposure	**(225,656,559)**	**(2,398,304)**	**(7,843,598)**	**(235,898,461)**

36 FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

	Company - At 31 December 2024			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	-	-	-	-
Trade and other receivables	614,998	-	-	614,998
Cash and bank balances	13,847,018	1,573,730	209,591	15,630,339
	14,462,016	**1,573,730**	**209,591**	**16,245,337**
Financial liabilities				
Lease liabilities	-	-	-	-
Term borrowings	293,327,727	-	-	293,327,727
Trade and other payables	1,622,183	1,792,393	252,191	3,666,767
	294,949,910	**1,792,393**	**252,191**	**296,994,494**
Net exposure	**(280,487,894)**	**(218,663)**	**(42,600)**	**(280,749,157)**

	Company - At 31 December 2023			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	6,466,718	-	-	6,466,718
Trade and other receivables	8,847	-	-	8,847
Cash and bank balances	3,361,344	173,397	3,357	3,538,098
	9,836,909	**173,397**	**3,357**	**10,013,663**
Financial liabilities				
Lease liabilities	-	-	-	-
Term borrowings	233,408,082	-	-	233,408,082
Trade and other payables	2,126,494	2,571,701	7,846,955	12,545,150
	235,534,576	**2,571,701**	**7,846,955**	**245,953,232**
Net exposure	**(225,697,667)**	**(2,398,304)**	**(7,843,598)**	**(235,939,569)**

Applicable exchange rates:	**USD**	**Euro**	**ZAR**
Average for the year ended 31 December 2024	2,655	2,812	145
At 31 December 2024	2,500	2,502	129
Average for the year ended 31 December 2023	2,383	2,576	129
At 31 December 2023	2,506	2,785	135

36 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. By the nature of the Group's business, there are no contract assets. Customer credit risk is managed subject to the Group's established policies, procedures and controls relating to customer credit risk management. The Group and the Company aim to deal with creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtors' balances are monitored on an ongoing basis with the result that the Company's and the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group and the Company do not offer credit terms without the approval of the directors. For all export transactions, full upfront payment is demanded. The Group and the Company have no significant concentration of credit risk that has not been adequately provided for. The Group and the Company do hold collateral in form of bank guarantees for certain customers as security. The Group's and the Company's bank balances are held in regulated commercial banks and this mitigates credit risk related to these balances.

The maximum exposure to credit risk at the reporting date comprises the carrying amounts of the following financial assets.

		Group		Company	
	Notes	2024	2023	2024	2023
		TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Trade and other receivables (excluding prepayments & advances to suppliers)	23	10,420,201	3,427,159	10,933,242	3,427,159
Bank balances	24	19,481,479	4,343,435	19,337,912	4,274,439
		29,901,680	**7,770,594**	**30,271,154**	**7,701,598**

Trade receivables

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located all over the country and in different industries. The Group had the following concentration of credit risk with respect to trade and other receivables:

Group	2024		2023	
	TZS'000	%	TZS'000	%
Trade receivables - third parties	10,342,053	100%	3,427,159	100%
Due from related parties	78,148	0%	-	0%
	10,420,201	**100%**	**3,427,159**	**100%**

Company	2024		2023	
	TZS'000	%	TZS'000	%
Trade receivables - third parties	9,742,182	89%	2,628,885	82%
Due from related parties	1,191,060	11%	798,274	18%
	10,933,242	**100%**	**3,427,159**	**100%**

The terms and conditions for the amounts due from related parties are indicated in Note 33.

36 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk management

The concentration of credit risk with respect to trade receivables is further analysed as follows:

Group	2024		2023	
	Number of customers	% of total receivables	Number of customers	% of total receivables
Owed less than or equal to TZS 200 million	128	88%	152	39%
Owed more than TZS 200 million	17	12%	8	61%
	145		**160**	

Company	2024		2023	
	Number of customers	% of total receivables	Number of customers	% of total receivables
Owed less than or equal to TZS 200 million	128	88%	152	34%
Owed more than TZS 200 million	17	12%	8	66%
	145		**160**	

Outstanding trade receivables are regularly monitored and supplies to some customers are covered by bank guarantees obtained from reputable banks. The bank guarantees are considered to be an integral part of trade receivables and have been considered in the calculation of expected credit losses. The Group had the following credit enhancements:

Group	2024		2023	
	Total amount held	% of total receivables	Total amount held	% of total receivables
Cash deposit	9,300,000	51%	1,823,201	18%

Company	2024		2023	
	Total amount held	% of total receivables	Total amount held	% of total receivables
Bank guarantees	9,300,000	51%	1,823,201	24%

An impairment analysis is performed at each reporting date using a provisioning matrix to measure expected credit losses. The provisioning rates are based on days past due for each customer. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions such as inflation and GDP rates.

36 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk management

Set out below is the information about the credit risk exposure on the trade receivables using a provision matrix:

Group

At 31 December 2024	<30 days	0 - 30 days	31 - 60 days	61 - 120 days	121 - 180 days	Over 180 days	Total
Gross carrying amount (TZS'000) *	4,494,208	4,177,700	1,242,840	1,511,886	299,228	6,286,633	18,012,495
Expected credit loss rate (%)	1%	12%	15%	20%	100%	100%	
Expected credit loss (TZS'000)	23,729	492,969	186,426	302,377	299,228	6,286,633	7,592,294

At 31 December 2023	<30 days	0 - 30 days	31 - 60 days	61 - 120 days	121 - 180 days	Over 180 days	Total
Gross carrying amount (TZS'000) *	1,375,713	1,528,417	569,959	339,726	6,216,345	6,216,345	10,030,160
Expected credit loss rate (%)	2%	5%	20%	50%	100%	100%	
Expected credit loss (TZS'000)	27,514	76,421	113,992	168,729	6,216,345	6,216,345	6,603,001

Company

At 31 December 2024	<30 days	0 - 30 days	31 - 60 days	61 - 120 days	121 - 180 days	Over 180 days	Total
Gross carrying amount (TZS'000)	4,808,845	4,177,700	1,242,840	1,511,886	299,228	6,665,213	18,705,712
Expected credit loss rate (%)	0%	2%	10%	40%	100%	100%	
Expected credit loss (TZS'000)	0	83,554	124,284	604,754	299,228	6,665,213	7,774,470

At 31 December 2023	<30 days	0 - 30 days	31 - 60 days	61 - 120 days	121 - 180 days	Over 180 days	Total
Gross carrying amount (TZS'000)	1,375,713	1,879,023	569,959	339,726	6,244,518	6,244,518	10,408,939
Expected credit loss rate (%)	10%	12%	33%	54%	100%	100%	
Expected credit loss (TZS'000)	142,937	220,346	189,312	184,667	6,244,518	6,244,518	6,981,780

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk management (continued)

Due to the nature of the Group's operations, credit limits may sometimes be exceeded on a temporary basis with appropriate approvals. Management does not expect significant losses, which have not been provided for, from non-performance by such customers.

Generally, trade receivables are written off if past due and are not subject to enforcement activity.

Refer to Note 23 for further disclosures on trade and other receivables.
*Gross carrying amount excludes fully collateralized receivables of TZS 9,300 million (2023: TZS 1,823.2 million)

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. The amounts to be invested are reviewed and approved by the Group's Chief Finance Officer who also serves in the Group's board of directors. The amounts are set in a manner that minimizes the concentration of idle cash but yet ensuring there is enough free cash to meet the day-to-day business operations.

The Group invests only on short term fixed deposits which have a very low credit risk. The interest earned by the Group from its investments are recognized through profit or loss.

The Groups maximum exposure to credit risk from balances with banks and financial institutions at December 2024 and 2023 is the carrying amounts as illustrated in Note 24.

As required by IFRS 9, the Group used the simplified approach in calculating ECL for bank balances. The Group applied the practical expedient to calculate ECL using a provision matrix as illustrated below.

Bank Name	Global S&P Ratings	2024	2023
		TZS' 000'	TZS' 000'
Stanbic Bank	BB-	(47)	(55)
Standard Chartered	A+	(26)	(27)
Exim Bank	B	-	(122)
NBC Bank	B	-	(251)
CRDB Bank Plc	B	(2,368)	(966)
NMB Bank Plc	BB-	(128)	(4)
M-Pesa Account	B	-	(695)
		(2,569)	**(2,120)**

For the bank balances, the group defines default when either of the following events occur:

- When the bank or financial institution is placed under receivership by the Bank of Tanzania
- When the bank of financial institution declares or is declared bankrupt

The Group determines there has been a significant increase in credit risk by monitoring and considering the following indicators:

- Credit rate changes
- Financial health of the bank as reported by the Bank of Tanzania and other reliable sources
- Regulatory issues against the bank
- The bank's liquidity condition

36 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group's business activities may not be available and thus the Group being unable to fulfil its existing and future cash flow obligations.

The Group monitors its liquidity risk by using cash flow projections. The Group's objective is to maintain a balance between continuity of funding through the use of overdrafts, creditors and term borrowings. The table below summarises the maturity profile of the Group's financial liabilities at year-end based on contractual undiscounted payments. The ageing of the interest-bearing term loans is determined based on the contractual repayment obligations, that is, six-monthly equal instalments after the three-year grace period.

	On demand	Less than 1 year	>1 to 5 years	More than 5 years	Total
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Group					
At 31 December 2024					
Lease liabilities	-	299,630	-	-	299,630
Term borrowings	-	293,327,737	-	-	293,327,737
Trade and other payables	59,029,575	-	-	-	59,029,575
Bank overdrafts	12,914,368	-	-	-	12,914,368
	71,943,943	**293,627,367**	**-**	**-**	**365,571,310**
At 31 December 2023					
Lease liabilities	48,427	155,586	75,930	-	279,943
Term borrowings	-	233,408,082	-	-	233,408,082
Trade and other payables	70,291,525	-	-	-	70,291,525
Bank overdrafts	38,755,979	-	-	-	38,755,979
	109,095,931	**233,563,668**	**75,930**	**-**	**342,735,529**
Company					
At 31 December 2024					
Lease liabilities	-	299,630	-	-	299,630
Term borrowings	-	293,327,737	-	-	293,327,737
Trade and other payables	59,045,499	-	-	-	59,045,499
Bank overdrafts	12,914,368	-	-	-	12,914,368
	71,959,867	**293,627,367**	**-**	**-**	**365,587,234**
At 31 December 2023					
Lease liabilities	48,427	155,586	75,930	-	279,943
Term borrowings	-	233,408,082	-	-	233,408,082
Trade and other payables	70,542,318	-	-	-	70,542,318
Bank overdrafts	38,755,979	-	-	-	38,755,979
	109,346,724	**233,563,668**	**75,930**	**-**	**342,986,322**

37 CONTINGENT LIABILITIES

(a) Litigation

There are court cases instituted against the Group by some of its ex-employees whose services ceased as part of a specific redundancy exercise and others due to termination of employment or retirement. The total claims amount to approximately TZS 4.6 billion. Based on legal advice and management's assessment, a provision of TZS 1.0 billion has been recognised and disclosed under Note 29 Trade and Other Payables, with the remaining balance of TZS 3.6 billion as a contingent liability in accordance with IAS 37.

As at 31 December 2024, there was an ongoing legal dispute over land with villagers from Pande who are claiming TZS 7 billion from the Company.

The directors, based on the advice of external legal counsel, expect the above cases will not result into material liabilities. Furthermore, the chances that they will result to outflow of benefits are remote.

(b) Taxation

The Group is regularly subject to audits and examination by the tax authority of its direct and indirect tax filings. The consequence of such reviews is that in some instances, disputes can arise with the tax authority over the interpretation or application of certain tax rules where these tax laws are ambiguous and subject to a broad range of interpretations. To address and manage this tax uncertainty, good governance is fundamental to the Group's business sustainability. The major tax positions taken are thus subject to review by executive management and reported to the Board. The Group has support from external advisors supporting the positions taken in respect of the significant tax matters which support the application and interpretation of the tax legislation. The Group has considered all matters in dispute with the tax authority and has accounted for any exposure identified, if required. As at 31 December 2024, the Group had unresolved tax assessments (CIT, VAT, WHT, and PAYE& SDL). The tax exposure as at 31st December 2024 amounting to TZS 37 billion, with a provision made amounting to TZS 8.8 billion.

38 ULTIMATE HOLDING COMPANY

The ultimate holding company of the Group is Heidelberg Materials AG incorporated in Germany.

39 FAIR VALUE MEASUREMENTS

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

• Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges.

• Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices, interest and yield curves) or indirectly (that is, derived from prices); and

•Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs to valuation techniques).

The fair values of the financial instruments measured at fair value in the consolidated and separate financial statements, that is, the derivative asset resulting from the interest rate cap and the derivative financial liabilities arising from the forward currency contracts, are based on inputs independently sourced from the vendor and spot foreign exchange rates from bankers, respectively. The fair values are based on quoted values as provided by the vendor or banker at the reporting date being the values that the vendor sold similar instruments in an active market.

As such, the interest rate cap financial asset and forward currency contract derivative liabilities are categorised under Level 2 for the purpose of fair value measurement.

39 FAIR VALUE MEASUREMENTS (Continued)

Except for the Group and Company's interest cap and investment property, the fair values of the Group's and the Company's other financial assets and liabilities reasonably approximate the carrying amounts.

- Trade and other receivables and payables, bank balances and bank overdrafts: Due to the short-term nature of the financial instruments.
- Term borrowings: The interest rates charged on the borrowings are in line with the market interest rates charged for similar loans.

For valuation techniques on investment property, the Group engaged an independent professional valuer to determine the fair value of the property. Further details are in Note 18 of these financial statements.

Description of valuation techniques used and key inputs to valuation of the interest rate cap financial asset:

Valuation technique	Significant observable inputs	Range (weighted average)	
		2024	2023
Market approach	6 months SOFR interest rates	-	-
	6 months SOFR rate	5.47%	5.47%
	TZS: USD foreign exchange rates	2,494 – 2,519	2,494 – 2,519

Description of valuation techniques used and key inputs to valuation of the forward currency contracts:

Market approach	TZS: USD foreign exchange rates	2,494 – 2,519	2,494 – 2,519

Fair value measurement hierarchy for assets as at 31 December 2024:

Assets measured at fair value	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		TZS'000	TZS'000	TZS'000
Interest rate cap	31-Dec-24	-	-	-
Investment property	31-Dec-24	-	-	5,950,000

Fair value measurement hierarchy for assets as at 31 December 2023:

Interest rate cap	31-Dec-23	-	6,466,718	-
Investment property	31-Dec-23	-	-	5,573,000

40 GOING CONCERN ASSESSMENT

These financials have been prepared on a going concern basis, which assumes that the Group and Company will continue in operational existence for the foreseeable future and will be able to meet its obligation as they fall due.

As at 31 December 2024, the Group and Company incurred net losses of TZS 6,684 million and TZS 6,545 million respectively (2023: net losses of TZS 99,905 million and TZS 99,501 million respectively). Furthermore, the Group and Company also had a net current liability position of TZS 260,782 million and TZS 261,087 million respectively (2023: net liability position of TZS 263,130 million and TZS 263,524 million respectively) In addition, the Group and Company had significant borrowing from Heidelberg Materials AG amounting to TZS 293,327 million. The Group and the Company were not in a position to repay the principal and interest to Heidelberg Materials AG. These factors give rise to a material uncertainty that may cast doubt on the Group's and Company's ability to continue as a going concern.

The management and the directors are taking operational and financing actions to restore the Group to profitability and positive liquidity ensuring the Group and the Company will be able to continue to operate and meet its obligations as and when they fall due in the normal cause of business. In evaluating the appropriateness of the going concern assumption, management has considered the following mitigating plans and support measures:

- The directors and majority shareholder have a common understanding that the loss and liquidity constraints are caused by the impact of the Heidelberg Materials AG loan on the Group's and the Company's financial results and position, and that otherwise, the Group and the Company are solvent with positive net cash flows from operations, and that this is expected to continue for the foreseeable future. The directors expect that the positive business fundamentals will support the Group's and the Company's turnaround strategy in terms of operations and reviewing of the financing structure with the objective of mitigating the impact of the loan on the Group's and the Company's financial results and liquidity positions.
- Heidelberg Materials AG, the majority shareholder of Scancem International DA, has reaffirmed its ongoing commitment to the Group and the Company through a signed letter of financial support dated 27 June 2025. The letter confirms Heidelberg's intention to provide financial assistance as needed to enable the Group and the Company to meet their operational and financial obligations for a minimum period of 18 months from the date of the letter. It further states that Heidelberg does not intend to demand immediate repayment of the term loan's principal and accrued interest. This support was reinforced by an amendment dated 3 July 2025, which extended the termination date of the existing Standstill and Amendment Agreement from 30 August 2025 to 31 December 2026, with all original provisions remaining in effect. As a result, the Company continues to benefit from waived covenant compliance, enforcement restrictions, and a moratorium on repayment obligations throughout the revised Standstill Period.
- Management is in the process of implementing a capital restructuring initiative aimed at strengthening the Group's capital base in order to reduce debt to a more sustainable level. Engagements with shareholders, regulatory bodies and financial advisors are ongoing and management expect to finalise this process as soon as possible.
- The Group and the Company continue to implement strategic measures that are being pursued to get the Group back to profitability and improve the liquidity position. Due to cost optimization measures, the Group was able to reduce the loss position significantly in 2024 as compared to 2023. Improving the company's performance and continued generation of sufficient cash flows from operations is dependent on the Group and Company implementing the three-year business plan (2025 – 2027) and strategies that were approved by the directors and majority shareholder. The plan projects a gradual recovery of profitability and positive cash flows, driven by but not limited to cost optimisation initiatives, increased production capacity, improved machines and equipment availability, improved pricing, efficiency gains and market recovery. Based on this plan, management expects to generate sufficient internal funds to finance operations and service financial obligations in the medium term.

Further, the Group's business growth will also continue to be anchored on the growth of the Tanzania construction industry. Robust infrastructure investment and strengthening the consumer base remain drivers of business growth supported by low inflation levels. With two integrated production lines, the Group has capacity to defend and grow its share of the cement demand in the country. The Group also remains committed to production of quality cement products which are demanded by the big construction projects that are in progress and in the pipeline.

40 GOING CONCERN ASSESSMENT (Continued)

The Group's and the Company's plans and controls to mitigate future adverse conditions or events include: improving business performance by increasing revenue and minimising the cost of production which will contribute to increase in gross and EBITDA margins; additional resources and measures to improve cash collections from trade debtors which will support payments to lenders and creditors as they fall due; continue to enforce strict policies and procedures for extending credit to customers to minimise the default rate; negotiate and formalise extended credit terms with suppliers; continue strong relationship building with the long-debt provider and with the commercial bank providing overdraft facilities; and implementation of new innovative strategic projects to further improve sales growth and margin improvement.

41. CLIMATE CHANGE

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

The items and considerations that are most directly impacted by climate-related matters are:

- *Useful life of property, plant and equipment*

When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.

- *Impairment of non-financial assets.*

The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2024 test of goodwill, the Group considered expectations for increased costs of emissions, increased demand for goods sold by the Group and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.

- *Fair value measurement.*

For investment properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings.

- *Provision for site restoration.*

The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of restoration of one of the Group's manufacturing facilities.

42 EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which require adjustment to or disclosure in the consolidated and separate financial statements.

43 APPROVAL OF FINANCIAL STATEMENTS

The consolidated and separate financial statements were authorised for issue by the Board of Directors on the date shown under the statement of financial position. They are subject to approval by the shareholders during the Annual General Meeting

44 EFFECT OF PRIOR YEAR RESTATEMENT

	GROUP		
Statement of financial position **As at 1 January 2023**	**As previously reported** **TZS'000**	**Adjustment** **TZS'000**	**As restated** **TZS'000**
Equity			
Treasury shares*	773,466	1,052,454	1,825,920
(Accumulated losses)/Retained earnings*	(116,547,002)	(1,052,454)	(117,599,456)
Statement of financial position **As at 31 December 2023**			
Current assets			
Inventories**	85,628,646	(36,957,214)	48,671,432
Current income tax recoverable****	8,838,780	(5,348,893)	3,489,887
Trade and other receivables****	28,903,095	5,348,893	34,251,988
Equity			
Retained earnings***	(54,316,306)	36,621,975	(17,694,331)
Non-current liabilities			
Borrowings*****	233,408,082	(233,408,082)	-
Current liabilities			
Borrowings*****	-	233,408,082	233,408,082
Statement of comprehensive income **For the year ended 31 December 2023**			
Cost of sales**	200,968,320	36,957,214	237,925,534
Other income***	928,654	(717,215)	211,439

	COMPANY		
Statement of financial position **As at 1 January 2023**	**As previously reported** **TZS'000**	**Adjustment** **TZS'000**	**As restated** **TZS'000**
Current assets			
Due from employees share trust*	773,466	(773,466)	-
Equity			
Treasury shares*	-	1,825,920	1,825,920
(Accumulated losses)/Retained earnings*	(115,155,573)	(1,052,454)	(116,208,027)

44 EFFECT OF PRIOR YEAR RESTATEMENT (Continued)

	COMPANY As previously reported TZS'000	Adjustment TZS'000	As restated TZS'000
As at 31 December 2023			
Current assets			
Inventories**	85,628,735	(36,957,214)	48,671,521
Current income tax recoverable****	8,302,581	(5,348,893)	2,953,688
Trade and other receivables****	28,868,781	5,348,893	34,217,674
Non-current liabilities			
Borrowings*****	233,408,082	(233,408,082)	-
Current liabilities			
Borrowings*****	-	233,408,082	233,408,082
Equity			
Retained earnings***	(53,328,657)	36,621,975	(16,706,682)
Statement of comprehensive income			
For the year ended 31 December 2023			
Cost of sales**	200,967,114	36,957,214	237,924,328
Other income***	803,662	(717,215)	86,447

* The adjustment relates to the recognition of treasury shares corresponding to the funding provided by TCPLC to the employee share trust for the acquisition of shares in TPCPLC. Although the trust is a legally registered entity, it does not operate independently of TCPLC—having no separate employees, customers, or operational infrastructure. Based on the principle of substance over form, the trust is considered an extension of TCPLC for financial reporting purposes. Accordingly, the shares held by the trust have been recognized as treasury shares, with a corresponding reduction in retained earnings, in line with the requirements of IAS 32 and IFRS 2.

** This adjustment pertains to a material inventory write-off identified during a physical inventory count conducted in November 2023. The survey revealed that a significant portion of low-grade limestone, valued at TZS 36.96 billion, was no longer fit for use. Although the impairment was identified in 2023, the related accounting entries were erroneously recorded in 2024. This timing discrepancy resulted in an overstatement of inventory and an understatement of cost of sales as at 31 December 2023, thereby inflating the reported profit for the year. The restatement corrects this misstatement by recognizing the impairment in the appropriate reporting period, in accordance with IAS 2 and the accrual basis of accounting.

*** This adjustment relates to the derecognition of income previously recorded in respect of an increase in the share price of TCPLC. The gain had been recognized as other income in TCPLC's books, arising from the revaluation of shares held by the employee share trust. However, as outlined above, the trust is considered, in substance, an extension of TCPLC and not an independent third party. Consequently, any unrealized gains on shares held within the trust do not meet the recognition criteria for income under IFRS, as there is no external transaction or change in control. The restatement eliminates this income and adjusts retained earnings accordingly, ensuring compliance with the principles of substance over form and the requirements of IFRS 2 and IAS 1.

44 EFFECT OF PRIOR YEAR RESTATEMENT (Continued)

**** This adjustment relates to the reclassification of non-corporate taxes from corporate tax receivables to other receivables to address the misclassification of indirect taxes such as Value Added Tax and Withholding Tax, which were incorrectly included under corporate tax receivables in the 2023 financial statements. These taxes do not relate to corporate income tax and should have been presented separately in line with IAS 12 and IAS 1. Although the total current assets balance remains unchanged, the misstatement affected the presentation and understanding of the company's tax position. The adjustment is required to ensure faithful representation of the nature of the assets and to enhance the clarity and accuracy of tax-related disclosures.

***** The correction related to the reclassification of borrowings from non-current liabilities to current liabilities arising from the absence of a valid extension to the standstill agreement as at 31 December 2023, combined with breaches of loan covenants and other default triggers that gave the lender the contractual right to demand immediate repayment. Under IAS 1, such borrowings are deemed repayable on demand and must therefore be classified as current liabilities. The incorrect classification as non-current liabilities misrepresented the company's liquidity position and distorted key financial ratios. The restatement ensures proper reflection of the liability's maturity profile at the reporting date and will be applied retrospectively in line with the requirements of IAS 8.